FOREIGN AFFAIRS

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SEPTEMBER 15, 1923

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CONTRIBUTORS TO THIS ISSUE

LOUIS LOUCHEUR, Minister for the Devastated Regions in the Clemenceau and Briand Cabinets, now deputy from the Département du Nord * * * *A. LAWRENCE LOWELL*, President of Harvard University, author of "The Government of England," and other works * * * *VICTOR CHERNOV*, Russian Social-Revolutionary writer, Minister of Agriculture in the Kerensky Government, now in exile in Berlin * * * *HAROLD J. LASKI*, Professor in the London School of Economics and Political Science * * * *ALPHA*, an anonymous American observer * * * *ARNOLD J. TOYNBEE*, Professor of Byzantine and Modern Greek in London University, author of "The Western Question in Greece and Turkey" and other works * * * *WALTER S. TOWER*, Commercial Attaché at the American Embassy, London * * * *HAROLD COX*, Editor of the *Edinburgh Review*, author of "The Problem of Population," and other volumes * * * *GENERAL HERMANN VON KUHL*, Chief of Staff of the First German Army under General von Kluck, and later Chief of Staff of the Army Group of Crown Prince Rupprecht of Bavaria * * * *SIMEON STRUNSKY*, Editor of the *New York Evening Post.*

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The Editors.

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FOREIGN AFFAIRS

Vol. II SEPTEMBER 15, 1923 No. 1

THE ESSENTIALS OF A REPARATIONS SETTLEMENT

By Louis Loucheur

THE reparations question has dominated the politics and economics of the world ever since the signature of the Versailles Treaty, indeed since the day of the Armistice. In view of the tensity of the present situation, it seems a proper moment to review briefly the main features of the problem and to state the terms of an acceptable solution.

I. THE VERSAILLES TREATY

The Treaty of Versailles has been alleged, and is still alleged, to be full of all sorts of faults by those who take no account of the vast complexity and uncertainty of the factors constituting the many problems which it had to solve, and who have still to find any practicable substitute for even those sections of it which they condemn most violently.

The treaty requires Germany to make compensation for the physical destruction she caused, and for the pensions which have to be paid to the war widows and war cripples of the Allied powers.

The framers of the treaty, recognizing the great size of the sum thus envisaged and the economic and financial difficulties which its payment would involve, created an expert body, the Reparation Commission, which was specifically charged with the application of these reparation requirements. The Commission's first duty was to fix Germany's reparation debt at a definite figure. This it did in the schedule of money payments imposed by it upon Germany on May 1, 1921. It was further required to examine from time to time into Germany's capacity to pay and to vary Germany's annual payments in accordance with this capacity. It could not, however, reduce the total of the sum assessed except by unanimous vote.

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II. THE ATTITUDE OF GERMANY AND OF THE ALLIES IN THE YEARS 1920, 1921 AND 1922

Germany, when ordered by the Reparation Commission in 1920 to make certain payments in kind, made so much of the difficulties which faced her in carrying out the deliveries that an examination of the demands was undertaken by the Allies in the presence of German representatives at a conference held at Spa in 1920.

It cannot be said that any new treaty was *imposed* upon Germany at Spa. Germany freely accepted certain engagements after a full and open discussion with the Allies. Nor can the latter be charged with not having acted with liberality towards Germany at this conference. In particular, it should be noted that France not only consented at Spa to make important gold advances to Germany, but for the first time agreed to what was virtually a moratorium for Germany.

Nevertheless, by the beginning of 1921 Germany had repudiated the engagements which she had accepted freely at Spa.

As a result another conference between the Allies and Germany was held in London in March, 1921. The proposals made by Dr. Simons on behalf of Germany at this conference were so obviously inadequate that they drew a sharp rebuke even from Mr. Lloyd George. In his memorable speech on this occasion he termed them ridiculous.

I personally was present at the official sessions of this conference, as also at certain private meetings of the Allies with the German representatives; and I likewise took part in all the discussions among the Allies alone. I can say with perfect impartiality that it was the unanimous opinion of the Allies that the German Government then in power was literally seeking to make fools of them; and it was in consequence of this opinion that the occupation of Duisburg, Ruhrort and Dusseldorf was decided upon—unanimously.

Two months later, in May, 1921, Germany accepted the schedule of payments fixed by the Reparation Commission.

This schedule has been much criticized, as indeed it deserves to be. Nevertheless it is noticeable that, up to the present time, no other plan has been found with which to replace it. And in any case this much can be said for the May schedule: it permitted an adjustment of the payments required in accordance

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with economic and financial exigencies. A Commission of Guarantee, functioning under the control of the Reparation Commission, was organized to undertake the arrangement of such adjustments as proved necessary.

In my opinion, this Commission of Guarantee never functioned in the manner foreseen by the framers of the May, 1921, schedule. There are several reasons for this. In the first place, the Reparation Commission, being somewhat afraid of this new organization, lacked the strength of mind to grant it sufficient freedom of action. Further, the members of the Commission of Guarantee did not decide to make their permanent headquarters in Berlin, which would have been the only way for them to exercise a continued and reasonable influence over the German Government.

In passing, I may say that to my mind the failure of the Committee of Guarantee to function properly, due to the resistance offered to it by Germany and to the timidity of the Reparation Commission, is in a large measure responsible for the present situation.

However this may be, in December, 1921, Germany announced again that she required a moratorium. The Allies first met unofficially in London to examine the situation thus presented, then later in conference at Cannes, in January, 1922. This conference was interrupted by the resignation of M. Briand.

The Reparation Commission thereupon decided, in virtue of the powers granted it by the treaty, to permit Germany a provisional moratorium. This action was taken unanimously.

III. FRENCH OPINION IN 1922 AND 1923

I do not wish to speak here of what generally takes place in a country in circumstances such as prevailed in France in 1922—I mean the loosing of party strife. I have never hesitated to say that in all the countries concerned in the reparations problem there are unreasonable people, in France as in the others. But I do not sincerely believe that France has more than her due share of them; indeed, I am sometimes inclined to believe that the contrary is rather the case.

By 1922 French public opinion had become exasperated. Germany had given continuous and blatant proof of a lack of good faith. Only one man, Herr Rathenau, understood the necessity for Germany to do her utmost to carry out her treaty engagements. He concluded with me the Wiesbaden Agreement,

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the non-application of which will long be regretted; but after doing so he was almost immediately forced from office, and only a few months later met a tragic end.

The items on Germany's international balance sheet, then, may be set down as follows:

1. Sabotage of deliveries in kind.
2. Resistance to all honest execution of treaty requirements.
3. Refusal of all Allied financial supervision.
4. An insane and dishonest financial policy.

The accuracy of this statement is beyond dispute.

This was the situation which made France urge its government to action.

I do not wish to enter here upon any discussion of the negotiations which took place between Great Britain and France during 1922 and at the beginning of 1923. Was it possible for the two countries to act together? The question seems to me academic and to belong to the past. To reopen it can serve no useful purpose.

At all events, in January, 1923, France and Belgium decided to occupy the Ruhr without the assistance of England, although preserving cordial relations with her.

The question now is, what way out does the present situation offer? One must be careful not to indulge in illusions. It is necessary, in the words of an American friend of mine, to construct a policy which shall be based on realities. I agree. But what are the realities?

I think everyone will accept the following aims as reasonable:

1. The prevention of another great war. For this, it is necessary that the security of France shall be assured.
2. The payment of reparations up to the utmost limit of Germany's capacity. It is useless to claim the impossible.

This program is simple and reasonable. It ought, I repeat, to have the approval of all. The real difficulty lies in determining the precise limits of Germany's utmost capacity for reparations payments.

IV. MOTIVES WHICH ARE ATTRIBUTED TO FRANCE

Those who examine the fact which I have stated, but without

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keeping in mind Germany's deliberate policy of evasion, persist in stating that France's aim is to ruin and dismember Germany rather than to be paid by her.

I have no intention of replying to such accusations by making an emotional appeal, by recalling the losses and the suffering which the war caused to France. Such a reply would not, to my mind, be adequate, particularly in answer to the common charge of imperialism.

I frequently have occasion to travel over most of France. I think I am fairly safe in saying that I know the temper of our workers and peasants, that is to say, of more than three-quarters of France's population. I further have the opportunity of mixing in intellectual and business circles. I believe that those Americans who make an honest attempt to gauge the opinion of my country, whether they be well or ill disposed towards her, will support me when I say that France wishes to annex not one inch of German territory and that she has no desire whatever to crush Germany economically. France knows that a population of 60,000,000 people has every right to live and to work. It was in a strong and sincere hope for peace that France accepted and signed the Treaty of Versailles.

If France had been confronted with a Germany resolved to respect her signature, as France respected hers in 1871, she would certainly have aided to the full measure of her ability in bringing about Germany's rehabilitation. But the Germany she found had exactly the contrary intentions. German statesmen developed and adhered to a policy which they believed adroit and clever. But not one of them has really measured up to the great task confronting him.

If one thinks back for a moment to the successive German offers of March, 1921, December, 1921, and March, 1923, or of the recent proposals of Herr Cuno, one is struck by the fact that they all are only variations in the common theme. They justify the conviction that here is a debtor who discusses his indebtedness with the sole object of avoiding its payment.

During these four years France has spent fifty-five billion francs on reconstruction, and in the next two years she must spend another forty billion francs to complete the work. Further, pensions have been paid to the extent of fifty billion francs.

I cannot help but ask myself what course the United States would have followed had she found herself in a position analogous

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to that of France. I have an idea that her patience would have been more easily exhausted than ours has been.

V. THE POSSIBLE SOLUTION

It is also alleged that France insists on maintaining integrally the May, 1921, schedule of payments, because she knows that Germany cannot possibly pay any such sum, and because, with this inevitable default as an excuse, the Allies may proceed to occupy the Ruhr indefinitely.

This contention is wholly without foundation. It suffices, in order to convince oneself of its falsity, to read the proposals made by M. Poincaré in behalf of the French Government at the Paris conference in January last.

In the first place, where are the experts sufficiently expert to determine at the present time Germany's ultimate capacity to pay?

I am willing to admit that in my country, as in some others, very considerable errors have been made by those who understand nothing of the economic problem involved in reparations. Some people still seem to think that payments from one country to another are as easily made as payments within the boundaries of one's own country. It is exasperating that a great number of journalists and even certain statesmen continue to propound such illusions.

But this does not alter the fact that Germany has a very considerable capacity of industrial production, which she has recently been busily engaged in extending, and that it can be safely predicted that Germany will in the near future again be able to make important deliveries in kind, and, somewhat later, in cash.

I no longer find any great divergence in the estimates made by competent persons in America, England and France regarding the sum which Germany can pay; some say twelve billion dollars, some say ten billion, while others place it at a somewhat higher figure.

These figures are very much below those mentioned in the London schedule of payments. What does France say of the implied reductions? Her attitude is entirely reasonable. She points out to her Allies that *she can only accept such reductions if, on the one hand, the conditions governing the division of the sum assessed upon Germany are modified to meet the new situation, or if, on the*

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other hand, an equitable solution to the question of inter-allied indebtedness, insofar as she is concerned, is found.

It seems that Great Britain is not averse to seeking a solution along the latter line. But what of the United States. . . . ?

I have frequently and clearly expressed my opinion on this question of interallied indebtedness. I do not wish to seem here to criticise any one, but I cannot help noting that the very men who most insistently proclaim how difficult or impossible it is for Germany to pay the sums demanded of her, refuse to take into account how difficult or impossible it is for France to pay, given the fact that, by reason of Germany's default, she must by herself make good all the damage of the common warfare on her soil.

In view of these circumstances, I feel certain that America will prove liberal and reasonable when the settlement of the terms of payment of France's debt to her is discussed. France has always said that she would act in that spirit towards Germany, and in fact it was that spirit which prompted the French plan of January, 1923.

I am not one of those who cherished any great illusions in regard to the productivity of the Ruhr occupation. Nevertheless, a well-organized attempt to exploit the Ruhr would undoubtedly produce many millions of gold marks. But I think that the common sense of the German people will not force the issue to this extent; they must soon realize that the policy of passive resistance does them much greater harm than it does France.

What has passive resistance sought to accomplish? It has sought in the first place to provoke English or American intervention. It is a peculiar commentary on the intelligence of Germany's statesmen that they should seriously have entertained such illusory hopes. In the second place, it has sought to create differences of opinion within France, with a view to weakening M. Poincaré's position. Such an aim shows that Germany misjudges entirely the temper of the members of the French Chamber.

Some of us may differ with the present government as to the employment of certain means to achieve certain ends. We are in entire agreement with it, however, as to the just nature of the ends it seeks, the ends which I have described above. As I recently had occasion to say in the Chamber of Deputies, *once the issue is joined, as it has been joined, we are behind the government*

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as one unit. Shades of opinion as to methods disappear in the pursuit of France's reasonable objective. Behind the government's present attempt to achieve this objective there stands a united and resolute country. The credits necessary to the occupation of the Ruhr, it may be recalled, were voted by an almost unanimous Chamber.

Should a French Government ever become imbued with imperialistic visions we should not wait for foreign advice, of which we have no need, in order to perform our duty. But fortunately this is not at all the case at the present time. The aims of France are clear and unmistakable. I urge everyone to read again the offer made by France to Germany in January, 1923.

Knowing as I do the economic and financial structure of Europe, and in particular the condition of Germany, I assert—and I think a fair and careful examination of our January proposals will bear me out—that this January plan (with which might be incorporated certain features of the British plan) offers a sound basis for a definitive settlement of the reparations issue.

To such a settlement there is one essential condition: that there shall arise in Germany a statesman who shall convince his countrymen that discipline and a policy of honest work and honest payment alone can lead it to peace and appeasement.

It is regrettable that in her hour of need Germany should not have been able to find a Gambetta, a Thiers, or a Léon Say to guide her destinies. The task which faced these men in 1871 was neither easy nor pleasant; their resolution, courage and honesty led the people of France to display similar qualities in the discharge of the obligation they had incurred. The German people has been victimized by a series of governments which have discarded honesty as an obsolete policy, forgetting that such a policy alone could bring them good will and lighten their burden.

France, more than any other nation, longs for peace. One must not forget in judging her acts today the patience we French showed in the years of 1920, 1921, and 1922. We shall show the same *sang-froid* in the examination of the new conditions which are now on the eve of developing.

Passive resistance is all but abandoned. German bankruptcy is an accomplished fact. The German statesmen and financiers who embarked Germany on her course of financial folly have indeed incurred awful responsibilities. But the situation is not yet altogether desperate. Courageous action can still save the day.

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A new currency, the essential condition of which is a balanced budget, is not impossible—in fact, it is relatively easy of attainment. For the past three years I have neglected no opportunity of repeating this truth. If it is not now at the eleventh hour recognized in Germany, Germany is indeed lost.

But the initiative in such reform must come from within Germany. By a terrible paradox, the German state in depreciating the mark enriched itself at the expense of the bond and mortgage holders of Germany. These are ruined, but the state is freed of internal debt. The sums which Germany has paid on account of reparations are but an unimportant fraction of what a criminal financial policy has cost the German people. These are truths which cannot be disproved. When they are recognized as such by Germany, the basis of definitive peace will have been constituted. And only then.

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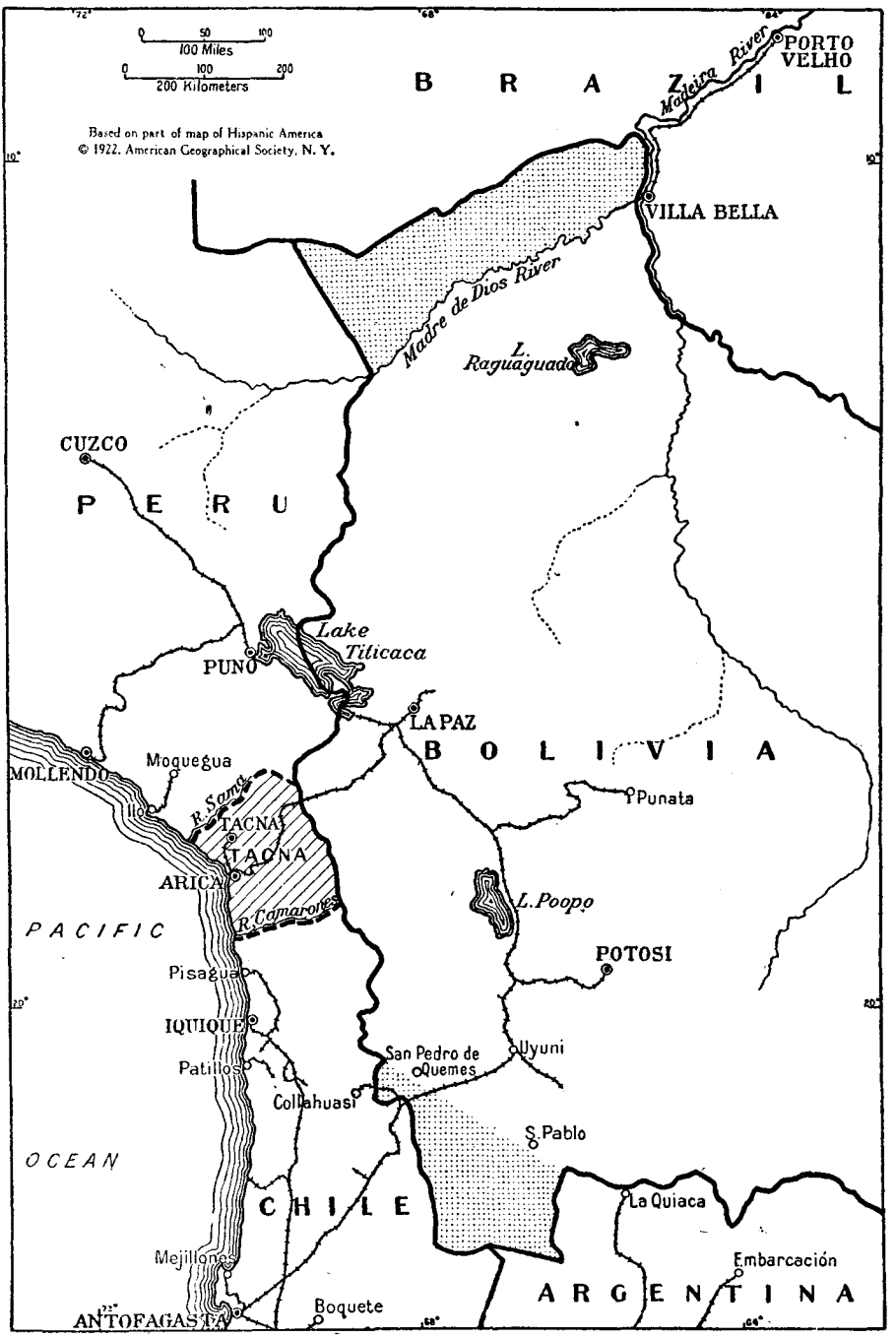

The disputed Tacna district is diagonally shaded. The dotted areas indicate the territorial cessions by Bolivia involved in the suggested solution.

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A POSSIBLE SETTLEMENT OF THE TACNA AND ARICA QUESTION[1]

According to the agreement between Chile and Peru, the documents setting forth the contentions of both parties shall have been submitted by September 14th for consideration and adjudication by the United States. Bolivia has in vain attempted to have her claims to the recovery of a sea port taken into consideration at the same time. Yet it is evident that unless she too can obtain satisfaction a final settlement cannot well be expected. Without attempting to forecast what the decision of the American arbitrators is likely to be after they have examined and weighed the evidence, FOREIGN AFFAIRS ventures to put forward a suggestion of its own which it believes is at least worthy of consideration and might prove helpful in reaching a solution that shall be equitable as well as permanent. It should be kept in mind that the territory the cession of which is provided for is largely desert and very sparsely inhabited.

PROPOSED OUTLINE OF TREATY

1. Bolivia to receive a strip of territory of ten kilometers on each side of the railway from the present Bolivian frontier to the Pacific Ocean.

2. The portion of the district of Tacna south of the railway strip to go to Chile, the portion north of the strip to go to Peru.

3. Peru to remit the whole of the payment of the ten million pesos, stipulated in the Treaty of Ancon, and to pay Chile for the cost of the Tacna-Arica Railway, said cost to be determined by American arbitrators.

4. The city of Arica to be made a free port.

5. Bolivia to cede to Chile the territory southwest of a line beginning on the Andes at a point about 45 kilometers west of San Pedro de Quemes and terminating at the Argentine frontier about 45 kilometers south-east of San Pablo.

6. Bolivia to cede to Peru her territory north of the Madre de Dios River.

Advantages to Bolivia: Access to the sea through a terr tory and port of her own.

Advantages to Peru: The recovery of the northern half of Tacna and of coveted access to the railway which terminates at the head of steamship navigation on the Madeira River.

Advantages to Chile: The gain of a territory superior in extent to what she relinquishes and the possession of an important link of one of her railways which, owing to the necessities of the terrain, has been built on what is now Bolivian soil. Also the final recognition of the results of the war of 1879.

Advantages to All: The end of forty years of bitter controversy and ill-feeling which have repeatedly endangered the peace of the world.

[1]See "The Tacna-Arica Controversy," by Prof. Edwin M. Borchard, FOREIGN AFFAIRS, Vol. I, No. 1.

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THE TREATY-MAKING POWER OF CANADA

By A. Lawrence Lowell

THE destiny of the self-governing colonies of Great Britain and their relation to the parent state is highly interesting to students of political science. It is one of the cases where the direction of the present tendency is evident, while, with the complexities of the problem, it is by no means clear whither the path will lead.

After the American Revolution, colonies were compared to fruits which when ripe fall from the tree that bears them. People were not sanguine about the value of dependencies peopled by emigrants from home, and in fact at the close of our Revolution the English-speaking colonists of Britain were too few to be of much importance. By reason, however, of her control of the sea, of the energy of her people, and the emigration of her growing population, she built up in the course of the nineteenth century colonies of ever growing power, in Canada, at the Cape of Good Hope and in Australasia; and with their increasing value to the mother country, coupled with their tendency to have opinions of their own, the problem of colonial administration presented itself afresh.

The modern relation of the United Kingdom to those dependencies with a dominant European population may be said to have begun with Lord Durham's report of 1839 on the conditions in Canada, in which he suggested that the Governor should rule through ministers responsible to the local parliament. This suggestion was put into effect by his son-in-law, Lord Elgin, in 1848, and thereafter was extended not only throughout British North America, but also to the states of Australia, to New Zealand and to Cape Colony, which in consequence became known as the self-governing colonies. The British Government retained, however, no slight measure of control through instructions to the Governors and through the right to disallow acts of the local parliaments; but these powers were used with greater and greater caution as the colonies grew in population and in self-consciousness. The progress of autonomy was further enhanced by federations among the colonies. The first of these was made in Canada in 1867, and now includes every part of British North

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America except Newfoundland. A generation later it was followed by the creation, in 1900, of the Commonwealth of Australia, including all the states on the mainland of that continent and Tasmania; and finally by the establishment of the Union of South Africa in 1910. The formation of these larger units has naturally fostered the spirit of nationality, and with it a stronger desire for autonomy.

Except for a few special questions, such as the treatment of native races in South Africa, and matters that may affect imperial interests or other parts of the Empire, the self-governing colonies are now wholly autonomous in regard to their internal affairs. In fact they are so in some things that affect seriously other parts of the Empire, for all these colonies exclude natives of India (although British subjects), a policy which exasperates the people of that country and has caused no little embarrassment to the government in England. But these colonies, or Dominions as they prefer to be styled, are not satisfied with internal self-government. They desire to be consulted, at least, about foreign relations, and to have power to make with foreign nations treaties which affect only themselves. Such an international autonomy has aspects akin to independence, and raises difficult and serious problems. The situation is peculiar, one that has, perhaps, never arisen before in the history of colonization. In Great Britain it is perfectly well understood that if in Canada or Australia there were a clear, general and apparently permanent desire for absolute independence, by cutting off all connection with the mother country, no attempt would be made to prevent it by force; but there is no significant desire in either of those places for such a severance. On the other hand Great Britain is not prepared to create an organic federal government for the Empire, nor are the Dominions; and the means of mutual understanding are nearly limited to informal consultations between the Governments, and to the assembling once in four years of an Imperial Conference of ministers for merely consultative purposes. Whether the Empire will in time develop a real federal government, or some looser kind of confederation, or under the pressure of events now unforeseen will disintegrate, is a momentous question for the Empire and for the whole world. The object of this paper is not, however, to speculate on that problem, but to explain a particular recent episode.

If Great Britain would not resist a genuine desire of the larger

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self-governing Dominions for complete separation, still less can she oppose their eagerness for a measure of international recognition. Even before the World War their representatives had been appointed British delegates for their respective Dominions at international conferences on special subjects, such as that on Radio-Telegraphy in 1912, and on Safety of Life at Sea in 1913–14. Moreover, commercial treaties made by Great Britain had of late years habitually contained a clause permitting the Dominions to adhere or not as they pleased; and treaties of commerce have been made on behalf of Canada alone, being practically negotiated by her representative, and signed by him in conjunction with the British Ambassador. This was true of the treaties with France in 1893, 1907 and 1909.[1]

After the Dominions had sent voluntarily large forces to the World War—into which England had entered before there was time to consult them—a feeling arose among them that they ought to have a larger influence in questions of war and peace, and ought in particular to be represented by their own delegates at the conference that would close the war. They were so represented, and in March, 1919, their views on their proper status, as well as on their immediate relation to the treaty of peace, were expressed in a memorandum signed by the prime ministers of all the Dominions as follows:

"All the treaties and conventions resulting from the Peace Conference should be so drafted as to enable the Dominions to become parties and signatories thereto. This procedure will give suitable recognition to the part played at the Peace Table by the British Commonwealth as a whole, and will, at the same time, record the status attained there by the Dominions. The procedure is in consonance with the principles of constitutional government that obtain throughout the Empire. The Crown is the Supreme Executive in the United Kingdom and in all the Dominions, but it acts on the advice of different ministries within different constitutional units; and under Resolution IX of the Imperial War Conference, 1917, the organization of the Empire is to be based upon equality of nationhood."

The Treaty of Versailles was in fact signed by the representatives of the Dominions, and in its provisions for the League of Nations they were given a representation in the Assembly like independent nations. This was a long step forward in a claim for

[1]The negotiations for reciprocity with the United States in 1911 did not take the form of a treaty, but of an arrangement for concurrent legislation. It was not approved by the Canadian Parliament.

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recognition as distinct international units, and one of many cases where the war hastened a process that had been slowly going on before. But while merely another step in a direction long pursued, it was one so marked as to create the impression of something new. As Mr. Rene Morin stated in the Canadian House of Commons on June 27 last: "It may be said that from that moment a status separate and distinct from that of the Empire as a whole was fully recognized as appertaining to the Dominions by the Government of Great Britain and by the foreign nations which entered the League." For freedom in the internal affairs of the Dominions an understanding with the mother country is enough. No one else is concerned. But to acquire the position of international units involves a recognition by foreign states. That was accorded by ratification of the Treaty of Versailles, with its separate membership in the League of Nations for the Dominions —at least these so regarded it. But the United States did not ratify the Treaty or accept the Covenant, and in fact the representation of the Dominions in the Assembly was one of the objections raised against the League here; and therefore the United States by failing to ratify the Treaty failed also to recognize the new status desired by them.

An opportunity for raising the question with the United States again seemed to present itself when Secretary Hughes invited the powers to send delegates to the Naval Disarmament Conference at Washington. On that occasion General Smuts, the prime minister of the Union of South Africa, sent the following cablegram to Mr. Meighen, then prime minister of Canada:[2]

"Pretoria, October 19, 1921

"I notice from press that you are sending representative to Washington Conference. I do not know whether you have received invitation from United States through British Government or otherwise. Would very strongly urge that you should press for such invitation before sending delegate. United States did not ratify peace treaty to which we are signatories as component independent states of British Empire. On the contrary agitation in Congress against our independent voting power in League Nations was direct challenge to new Dominion status. This is first great international Conference after Paris and if Dominions concerned are not invited and yet attend, bad

[2]This cablegram, and all the subsequent communications between the Governments of the Dominions and Great Britain, are taken from the copies of correspondence laid before the Canadian Parliament.

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precedent will be set and Dominion status will suffer. If a stand is made now and America acquiesces, battle for international recognition our equal status is finally won."

The answer was that there had not been time to ask for a separate invitation to Canada, and that to demand it would involve an unfortunate delay. Although Mr. Lloyd George informed Mr. Meighen that General Smuts had sent him a copy of this cablegram, and that he was completely in accord with the view that Dominion representatives should hold the same status as at Paris; and although he proposed that each Dominion representative should sign only on behalf of his Dominion in accordance with the precedent established at Paris, still this did not give the recognition of status desired from the United States. Nor has the concession by the Government of Great Britain that Canada might send a permanent diplomatic representative of her own to Washington accomplished the result, since it has not yet been carried out. Then came the negotiations over the Halibut Treaty.

After investigations and negotiations on the subject of fisheries, covering four years, the State Department in December, 1922, sent to the Canadian Government, through the British Ambassador, the draft of a treaty providing for a closed season for the protection of halibut on the Pacific coast of the two countries. The preamble recited the desire of the United States of America and His Majesty George V to secure the halibut fishery of the Northern Pacific Ocean, and Article 1 began:

"The nationals and inhabitants and the fishing vessels and boats, of the United States and of the Dominion of Canada, respectively, are hereby prohibited from fishing for halibut (Hippoglossus) both in the territorial waters and in the high seas off the western coasts of the Dominion of Canada and the United States, including Behring sea" during a certain season.

Nothing was said about any other British subjects, but the heading was "Convention Between the United States of America and Great Britain Concerning Halibut Fishery."

The draft of the treaty was sent on December 21 by the Ambassador to the Governor General of Canada and he, in accordance with a vote of the Committee of the Privy Council for Canada, replied on January 16 by telegram and by letter asking, beside other changes unimportant in this connection, that in the

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heading the words "the Dominion of Canada" should be substituted for "Great Britain." Simultaneously he cabled and wrote the same request to the Secretary of State for the Colonies in England. On February 12 the Ambassador wrote that since "the Treaty as signed will bear no title, its object being plainly expressed in the preamble of the document, I have, under instructions from His Majesty's Government, omitted from my note to Mr. Hughes modification No. 1 proposed by the Canadian Government, namely, the substitution in the title of the words 'the Dominion of Canada' for the words 'Great Britain.'" Three days later, however, there came from the Secretary for the Colonies in London a cablegram suggesting the title "Convention for the Regulation of Halibut Fisheries on the Pacific Coast of Canada and the United States." This omitted the mention of Great Britain as a party to the treaty, and was accepted by the Canadian Government.

More contentious in its implications was another request made of the Colonial Secretary in the cablegram of January 16. It was that full powers be given to Mr. Lapointe, the Canadian Minister of Marine and Fisheries, to enable him to sign the treaty on behalf of the Dominion. This involved a noteworthy correspondence of the Canadian authorities both with the Ambassador and with the Colonial Secretary in London; and, judging from the delay in obtaining an answer to the request in spite of the desire of Canada for haste in completing the treaty, there were doubtless also communications between the Ambassador and the British Foreign Office which have not been made public. On January 30 the Governor General cabled to London "My telegram January 16. Fishery Treaty last paragraph. My Ministers most anxious for reply"; and again on February 13 "My Ministers most anxious for reply to my telegram January 30 relative to furnishing Minister of Marine and Fisheries with necessary full powers to sign Halibut Fishery Treaty at earliest possible moment." On that day the full powers requested were dispatched from London. But this by no means ended the discussion of the question who was to sign the treaty. On the same date the Ambassador, evidently informed of the decision by the British Government to issue the powers, telegraphed from Washington "In signature of Treaty I understand the Canadian Minister of Marine will be with me and will have the full powers necessary"; and the next day "Enquiry made by State Depart-

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ment whether Mr. Lapointe will sign Treaty with me. Early reply would be much appreciated. See my telegram of February 13th." The Governor General telegraphed a reply on February 17 "My Ministers request Your Excellency to inform the United States Department that Mr. Lapointe will sign this treaty, for which purpose full powers have been mailed by the Secretary of State for the Colonies on the 13th instant"; and in another telegram, on February 21, he said "My Ministers are of the opinion that as respects Canada, signature of the treaty by Mr. Lapointe alone will be sufficient and that it will not be necessary for you to sign as well." In a telegram, however, of February 23 the Ambassador replied "I have been instructed by His Majesty's Government to sign Treaty in association with Mr. Lapointe. The above is answer to your telegram No. 7 of the 21st of February." Four days later he telegraphed that the United States wanted to present the treaty to the Senate on March 1st and had asked him whether he could sign it on the morrow on behalf of Canada, adding "I presume, however, that it would be more satisfactory that Mr. Lapointe should sign with me. Please telegraph."

Evidently there was no time to be lost. On February 28th the Governor General cabled to London, and, after acknowledging the receipt of the full powers, proceeded as follows:

"My Ministers are of opinion that, as respects Canada, signature of the Treaty by Mr. Lapointe alone should be sufficient. They proceeded on this assumption in asking for full powers for Mr. Lapointe. Having so notified the British Ambassador at Washington, it was with some surprise that an intimation was received from Sir Auckland Geddes to the effect that he had been instructed by His Majesty's Government to sign the Treaty in association with Mr. Lapointe. Evidently it has been assumed by His Majesty's Government that such was the wish of the Canadian Government. The view of my Ministers, however, is that the Treaty being one of concern solely to Canada and the United States, and not affecting in any particular any imperial interest, the signature of the Canadian Minister should be sufficient, and they would respectfully request that His Majesty's Ambassador at Washington be instructed accordingly."

The cablegram concluded with a request for a reply as soon as possible. After the receipt of this message it did not take the British Government long to decide the question. The next day came a cable from the Colonial Secretary saying "The wishes of your Ministers are being telegraphed to His Majesty's Ambassa-

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dor at Washington by the Secretary of State for Foreign Affairs." The Canadian Government expressed its hearty thanks, and on March 2nd the treaty was signed on its behalf by Mr. Lapointe alone.

The principle that Canada is autonomous, not only for her internal matters, but in foreign relations so far as they affect the Dominion alone, seemed to be recognized and a precedent made for acting thereon in future. The fact was observed with interest in South Africa and Australasia; but it encountered an obstacle in an unexpected quarter. The *Congressional Record* for March 4 runs as follows:

> "*Preservation of the Halibut Fishery of the Northern Pacific Ocean*
>
> . . . . . .
>
> "In Executive Session, Senate of the United States.
>
> "Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive D, Sixty-seventh Congress, fourth session, a convention between the United States and Great Britain, signed on March 2, 1923, for the preservation of the halibut fishery on the Northern Pacific Ocean, including the Bering Sea, subject to the understanding, which is hereby made a part of this resolution of ratification, that none of the nationals and inhabitants and vessels and boats of any other part of Great Britain shall engage in halibut fishing contrary to any of the provisions of this treaty."

Thereupon Mr. Hughes transmitted this resolution to the British Ambassador, expressing a hope that His Majesty's Government would accept the understanding which had been made part of the ratification. As the Senate acted in executive session the reasons for adding the understanding have not been made public, but one may suppose that the object was to exclude during the closed season all other British subjects as well as the Canadians. The resolution must have been hastily drawn, for the extension of the exclusion to "any other part of Great Britain" is inaccurate. It treats Canada as a part of Great Britain. Strictly interpreted it would exclude the people of England, Scotland and Wales, but not those of Australasia or South Africa. Obviously the intention was to exclude all British subjects, but the very looseness of expression shows that the Senators were quite unaware of the intent of the Canadian Ministers and of their negotiations with the Government in London. It may safely be assumed that the Senate had no such unwillingness as has been suggested by some English writers to deal directly with Canada;

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no desire, by making treaties only with the authorities at Westminster, to prevent the Dominion from obtaining an independent status in this respect. Our traditions favoring the regulation of American questions by American peoples are too strong for that.

In England, as well as in Canada, the signature of the treaty by the Dominion Minister alone was regarded as an important precedent. In the House of Commons a question was asked whether this is the first occasion on which a British treaty with a foreign power has not borne the signature of a representative of the British Executive; and whether, in signing the treaty, the Canadian Minister did so as the representative of His Majesty. Mr. Bonar Law answered that the plenipotentiary who signs a treaty does so on behalf of the King, by whom his full powers are issued, and the Canadian Minister acted in that capacity on the present occasion. More he could hardly say without a statement of the attitude of the government on the status of the Dominions, and probably a later debate on a very delicate subject that might well cause irritation somewhere and would be especially inopportune in view of the Imperial Conference to be held next autumn. But he was criticized in the press for not saying whether the Cabinet had advised the King to issue the power to Mr. Lapointe and thereby assumed responsibility for the treaty, or not. The critics argued that treaties are an attribute of sovereignty, that they must bind the Empire as a whole, and therefore must be made on the advice of the imperial government (that is the Cabinet in Great Britain); that if not the unity of the Empire is dissolved.[3] But this view is hard to reconcile with the statement of the Dominion prime ministers in March, 1919: "The Crown is the Supreme Executive in the United Kingdom and in all the Dominions, but it acts on the advice of different ministries within different constitutional units . . . the organization of the Empire is to be based upon equality of nationhood." This statement was signed, not in view of internal matters, but of an international question—the treaty of peace. Some English authorities claim that no Governor General can issue full powers with international validity on any subjects not connected with the League of Nations[4]—although they admit the full independence of the Dominions from control as regards the selection and

[3]See for example the letter to the London *Times* of March 19 by Prof. A. Barriedale Keith, a very high authority on the subject; and an excellent article in the *Fortnightly Review* for May by Mr. J. A. R. Marriott.

[4]e.g. Prof. Keith's letter in the *Times*, March 19.

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action of their delegates to the Assembly of the League. But the Dominions do not all agree with that limitation.

The opinion of Canada on the question is perfectly clear. The debate on the ratification of the Halibut Treaty took place in her House of Commons on June 27. Mr. Lapointe quoted numerous authorities on the status of the Dominions, and remarked "we are an international unit, and Canadians should not be ashamed of it. . . . Now, I claim that by signing and accepting the signature of Canada on that treaty the United States have recognized the international status of Canada, and it should not be the part of Canadians to criticize that status." Mr. Robert Forke, the leader of the Progressive Party, said "I rejoice in the fact that step by step this young country is attaining to full national existence, a nation free and equal with other nations in the commonwealth. . . . I repeat that I am only too glad to associate myself with the idea of Canada as a free and independent nation—a nation co-equal with her sister nations in the commonwealth." Mr. Rene Morin asked "Who will hold now when Canada has entered the League of Nations as a separate entity on a footing equal to that of other full sovereign states with her distinct representation that she should not necessarily enjoy a status and a diplomatic freedom enabling her to act alone in her intercourse with foreign nations in all matters which are her exclusive concern?"

These sentiments seem to have been general throughout the House, for although Mr. Meighen, the leader of the Opposition, criticized the exclusion of the British Ambassador from signing the treaty, he did so on the ground that it was discourteous and inappropriate, taking pains to make clear that he did not disagree with the opinions advanced on the status of Canada; which, indeed, he had maintained when Prime Minister. At the same time the speakers insisted that they had no desire to impair the unity of the Empire—a view expressed by the Prime Minister, Mr. Mackenzie King, when he said "We believe that the more the British Empire comes to be understood as a Britannic League of Nations, the more serviceable it will be to its component parts and to human society in general, and the more likely will it be to endure on a permanent basis. It is as a part of a league of Britannic nations, as one of a community of sister nations within the British Empire, that we have taken a course which we believe will afford recognition to that particular status."

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Believing that the motive for the Senate reservation was merely to exclude all other British subjects from the halibut fishery during the closed season, and being informed by its experts that this fishery can be conducted only by using a port in Canada or the United States as a base, the Canadian Government proposed to accomplish the object of the Senate by inserting in the statute to carry out the treaty a clause forbidding the use of their ports for such a purpose during the closed season by persons of any nationality. This they preferred to accepting the Senate reservation which would have defeated their aim. They submitted the treaty for ratification, therefore, as it had been signed, and in doing so Mr. Lapointe said: "We do not wish, after considering everything, to accept this reservation, for obvious reasons; . . . We have submitted the treaty for approval because we have reasonable expectation that the Senate of the United States will withdraw that reservation at the next session of Congress. Moreover, with the legislation which we are going to enact and which will be put in force by the Governor in Council, it will be possible to reach the same end if the United States enact the same legislation, quite independently of the treaty."

The treaty, as signed, was then ratified, and the act to carry it into effect—with the clause against persons of any nationality—was passed, by both House and Senate without a division.

That the problem of the relation of the Dominions to the treaty making power is difficult, delicate and far reaching is clear; that it will be considered at the Imperial Conference this autumn is certain, for it affects every member of the Empire, including the Irish Free State. But it is hardly appropriate for a stranger to express an opinion on the constitutional questions involved, or to offer suggestions on the probable results of pursuing any course of policy. The aim of this paper is simply to set forth the standpoint of Canadian statesmen, as shown by the negotiations over a recent convention. One thing would, however, seem to be obvious. It is not conceivable that any branch of the United States Government should seek intentionally to exert an influence, direct or indirect, on the organization of the British Empire, or the relation to each other of its component parts; still less that it should strive to prevent a relaxation in the guardianship of Great Britain over Canada.

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THE DISINTEGRATION OF SOCIAL CLASSES IN RUSSIA

By Victor Chernov

MORE than six years have elapsed since the downfall of the autocratic régime in Russia. Many changes have since taken place in Russian life, not only external changes in constitution and legislation, but also internal ones in the class and social structure of the Russian community.

Under the autocracy the dominant and directing rôle belonged to three basic social strata: the nobility, the wealthy bourgeoisie, and the bureaucracy.

The nobility counted as the ranking class, and the tsars liked to say: "I myself am the first nobleman of the Russian Empire." Through the process of history this class had come into possession of enormous wealth in land—about one-third of the whole area under cultivation. But the nobility were not an entirely homogeneous group, either from an economic or from a politico-cultural point of view. This was the case because alongside of the noble aristocracy, who were for the most part titled and in possession of large estates, there was a nobility of owners of medium sized and small estates running down to the freeholders (owners of a single farm) who could hardly be distinguished from the ordinary peasants. There was also another kind of stratification representing the modern spirit. For some time there had been an increasing group of the nobility who were trying to modernize their agricultural methods by introducing improved machinery, rotation of crops, fertilizers, industrial farming, cattle and horse breeding, etc. This section of the nobility had progressive, liberal and at times even democratic and populistic tendencies. And this was by no means solely because they were better educated and more cultured than the old-style gentry—the "buffaloes," as they were nicknamed later when, having organized and come out into the political arena, they surprised everybody by their antediluvian views.

The fact was that in its economic policies the autocratic government had to manoeuvre between the interests of commercial industry on one side and the country's agricultural welfare on the other. The upbuilding of a Russian machine industry, for instance, demanded a protective tariff; but this was a handicap

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to the progress of agriculture, with the latter's demand for better and cheaper foreign machinery and implements. The antagonism between the sugar-refiners (organized into a syndicate) and the sugar-beet growers assumed a somewhat different form. Here the autocratic government, determined by all means to create a strong national industry, gave decided preference to the industrial over the agricultural interests, while endeavoring to compensate the land-owners by special favors, privileges, and even by direct subsidies.

This sort of thing created a split in the land-owning nobility. A part of them liked nothing better than to be in the position of honorary wards of the state; they carried on their husbandry in routine fashion and at random, renting their land to the peasants or cultivating it by means of peasant labor—exploiting like usurers the peasants' need for land. This was the easier because at the time of the abolition of serfdom the land-owning nobles had been intentionally left in possession of important perquisites such as the ownership of forests and pasture grounds which were utterly indispensable for the peasants; hence the survival of certain peonage forms of peasants' work for the proprietors.

The other section of the landed proprietors looked with shame upon these "odious privileges" and were disgusted by the exploiting methods of agricultural husbandry; they murmured against the absolutistic government and its one-sided protection of the industrial bourgeoisie, and they attempted in the field of local administration, through the *zemstvos*, to come into closer contact with the peasants and to guide them.

At that time it used to be said in Russia that there were "noble noblemen" and "*zemstvo* noblemen," the one fiercely reactionary and absolutistic, the other liberal and inclined towards constitutionalism, the one blindly loyal after the manner of the Prussian agrarian junkers, the other quasi-democratic, at times even flirting with revolutionary parties. The leaders of the first group were at the head of the parties of the right, including the "black hundred;" the leaders of the second group were connected with and influenced largely the political outlook and the programs of the so-called Kadet Party.

During the period of the Kolchak, Denikin, Wrangel, and other similar movements, Europe was surprised to see that the distinction between Russian liberalism and the most stubborn

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Russian reaction had almost vanished and that the erstwhile enemies of autocratic days had become allies. Both alike had become partisans of a peculiar Russian pseudo-bonapartism, champions of military dictatorship, and when they suffered defeat in their efforts to realize their aims they both perished. In Russia they today are completely disintegrated and have ceased to exist as organized parties, and those who have emigrated abroad are in a similar state of dissolution and decay.

The explanation of this phenomenon lies in the fact that the Russian revolution has been above all an agrarian peasant revolution. It has proceeded elementally, from below. The revolution has destroyed all forms of land-owning, except that of the peasant working on the land. The more liberal landed proprietors turned out too weak to demonstrate their utility to the peasant, whether from a political or an economic point of view. The peasant's age-long hatred of his former serf-masters was presently enlarged to include all the nobility, and at times even all the "neat looking gentry" whose hands were not callous with toil. The *muzhik*, the "taciturn of the ages," the enigmatic sphinx, showed his real face. And there was revealed in him, alongside of his vague and unsatisfied yearnings for a higher truth and justice, a veritable sea of hatred which presently burst out into a flood of vengeance for ages of oppression and suffering.

Then it was that a real spiritual catastrophe took place in the ranks of Russian liberalism. At times even the best of its leaders did not grasp that the influence of the three years of world war had made itself felt, slowly but surely lowering the value of human life and loosing the beast in man. They simply concluded that our people were like a wild beast, and therefore needed a tamer.

This was the peculiarity of Russian pseudo-bonapartism as expressed in the rising of numerous generals, each of whom undertook to play the part of "supreme ruler" at the time of the civil war. It was a peculiarity which, contrary to the expectations and prophecies of Europe, brought it to ultimate defeat instead of victory. French bonapartism originated from a revolution of which it was the product and consummation. Napoleon was a pupil of Robespierre. The revolutionary army which had conquered all Europe made him ruler of France. The Russian candidates for the rôle of Napoleon came nearer to the generals of the Vendée; like these, their relations to hostile Europe were those

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of stipendiaries; there were grouped about them, for the most part, social elements who were "everything in the past." The fraction of the democratic and even of the moderate socialistic intelligentsia which believed, by analogy with the French revolution, in the inevitable victory of these dictators, and which was getting ready to play the part of the legal opposition to them, discredited itself completely in the minds of the people and ended with a fiasco even more pitiable than had been that of the French Girondists.

As for the Russian bourgeoisie, it is significant that in their own days they had yielded preëminence in the ranks of the liberal opposition to the *zemstvo* nobility. Their political character (perhaps it would be more correct to say their unpolitical character) was conditioned by the peculiar development of Russian capitalism, which had followed the course laid down by the imperial government. Its existence was stimulated not only by means of a protective tariff and duties, but by more direct support; government orders, subsidies, premiums, a norm of production and prices sanctioned by the authorities guaranteed minimum dividends. The Russian bourgeoisie had truly an "unwritten constitution" of its own—its stock exchange committees, its congresses and associations of manufacturers, its committees which often participated in the drawing up of industrial legislation. It possessed a multitude of ways of bringing pressure on the government, but always so to speak by the back door.

In France the bourgeoisie had said, by the lips of Sieyès: "What is the third estate at present? Nothing. What will it be? Everything." In Russia, one of the prominent representatives of the plutocracy, during the piping times of autocracy and general absence of political rights, calmly gave utterance to the well known phrase: "There is nothing the Russian bourgeoisie cannot do."

Hence follows the fundamental contradiction in Russian capitalism: its specific gravity in the general system of the national economy and production was quite small. At the same time, strange as it may seem, it stood higher than German or even American capitalism in the concentration of its organization. This enabled many of its enterprises to attain the last word of western technique as regards apparatus and equipment. Nevertheless, Russia remained an industrially backward country. The

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isolated flourishing industrial oases were surrounded by a primitive cultural and economic desert.

Politically, the Russian bourgeoisie was likewise isolated. Russian liberalism was not of its creation and was in a way hostile to it, being based on the *zemstvo* nobility and the moderate democratic section of the intelligentsia. Nor did the bourgeoisie predominate in the Russian conservative circles; there the leadership was in the hands of the agrarian junkers and the higher bureaucratic elements. All the attempts to create a purely bourgeois party were wrecked by the political inertia and lack of political coherence among this class. The rare exceptions, prominent leaders of industry, men of strong character and political temper (described by Gorki) who in their protest against the stifling influence of absolutism went so far as to sympathize with and even assist the revolutionaries, were nothing but the stray swallows who do not make a spring.

The Russian bourgeoisie was unable either to lead the masses of the people, staggering under the age-long burden of oppression, or to attract the support of the intellectual and moral flower of the nation, the intelligentsia. The rich luxuriant development of Russian capitalism, like the similarly colossal growth of Russian militarism, took place at the cost of the systematic weakening of its own foundation, *i.e.*, its toiling agriculturalists. The impoverishment of the villages set in. This threatened a curtailment of the home market, which meant the more to Russian industry since access to foreign markets was barred by the competition of the more powerful capitalism of Germany, England and Japan. Russian capitalism was characterized by a particularly unfavorable proportion between the usual negative destructive features on the one hand and positive creative ones on the other, present in various degrees in every national capitalism. And the more unfavorable that ratio became the more difficult it was for Russian capitalism to find advocates and champions in the intellectual flower of the nation, and the easier it was to find critics and opponents. This is why among the Russian intelligentsia there was revealed such a predominant, almost epidemic tendency towards socialism.

The foregoing presents the explanation of the extraordinary weakness shown by the Russian bourgeoisie in the face of the Bolshevist onslaught on its position. It was able to offer hardly any resistance. It was beaten almost without a struggle. The

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ease of the victory amazed the victors themselves. This victory, however, had been fully prepared by the previous course of events.

The World War had strengthened still more the dependence of Russian capitalistic industry on the state, while at the same time tremendously increasing its own profits. Also the war swallowed up all its productive capacity. The villages suffered from a marked diminution in their supply of articles of industry—iron ware, agricultural implements, etc. In consequence, the technique of land cultivation was impaired, the more so as it was precisely from the villages that the larger part of the adult male population was taken for the needs of the front. And although it would seem that, owing to the blockade, there ought to have remained in Russia an immense quantity of the products previously exported, the progressive impoverishment of the village, both in man power and in technique, coupled with the tremendous growth of unproductive consumption, soon outweighed this advantage. A food crisis set in and became acute. At first it was supposed to have been caused by the reluctance of the peasants to give up their grain in exchange for depreciated paper currency, accompanied by an increasing difficulty in obtaining the necessary industrial products in return. The state thereupon took over the grain, and fixed prices were introduced. But the crisis grew worse and manifested itself in a decrease of the areas sown. Raw material for the factories became more and more insufficient. Even as it was, the productive capacity of the metallurgical industry was overstrained by the demands of the war; transportation repairs grew worse and worse; a fuel crisis completed the disorganization of the railroad traffic. The whole national economic mechanism became subject to distressing jerks and interruptions. The cost of living increased. The war, like an enormous pump, was draining the last resources of the impoverished country.

Everything has a limit. In a fight to the finish somebody must give in first. This naturally was the fate of the country with the weakest and most badly organized economic structure. In the March revolution of 1917 Russia experienced the first feverish convulsion of its national organism.

For a time it seemed that the revolution was not only a symptom of disorganization, but also a means of overcoming it. In the beginning the revolution was almost bloodless; there was

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no outburst of elemental destructiveness. The toiling democratic elements without dispute left the power in the hands of the well-to-do, and the latter formed a coalition government with the socialists. All classes of the population were called to wide activity, to coöperate in the attempt to combat the disorganization. But at this point it became clear that the Russian bourgeoisie could not or would not coöperate in the common effort. Its behavior was beneath criticism, not only from the higher standpoint of the interests of the commonwealth, but even from the standpoint of its own class. One can rightly say that the Russian capitalists completely divorced their interests from those of Russian capitalism.

The vast majority of the capitalists simply did not desire to exchange their previous secure existence under the wings of absolutism for the responsible and arduous task of combatting the impending economic decomposition of the country. Accustomed to a sheltered existence and to guaranteed dividends, they preferred to "get out" in time. Long before the Bolshevist Revolution, Russian capitalists manifested a growing tendency quietly to realize their capital into cash, convert it into foreign exchange, and ship it abroad, where it became affiliated with the international capital which at the time was making enormous profits out of the half-contraband trade with the warring countries. The escape of Russian capital from the country compelled the Provisional Government to restrict private exchange operations in foreign values. In all this the Russian bourgeoisie, in spite of its patriotic phrases, clearly showed its greed, its shortsightedness, its incapacity for common national achievement. And it was not that the bourgeoisie was repelled by the radicalism of the Provisional Government; later, when the struggle against Bolshevism (and indirectly against all the democracy of workers) was taken up by the counter-revolutionary generals, the latter complained bitterly of the utter indifference of the financial circles who expected salvation from those generals, but would not loosen their purses for the cause.

Thus the old time Russian bourgeoisie preferred to desert from the political and social arena, and did not even always bother to keep up appearances and avoid creating the impression of a previously planned gradual lockout. For instance, a delegation of the manufacturers of the Petrograd district waited on the Provisional Government and, after complaining of the decline in

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discipline of the workmen and of their exorbitant economic demands, threatened in unambiguous terms the complete stoppage of industry—and this in war time! In Moscow such an industrial magnate as Riabushinski made the famous remark that the workman would forget his exorbitant pretensions when "the bony hand of starvation has him by his throat." The Bolsheviks later made good use of this tendency to industrial desertion as a justification of their arbitrariness in replacing with their henchmen the owners of the factories which they had "nationalized" by a single stroke of the pen.

But if the bourgeoisie put up no real resistance to Bolshevism, the bourgeois economic structure of society did put one up.

The land-owning nobility were eliminated from Russian life easily and irrevocably. This was because they were not an organic part of the economic community. They were not indispensable to the increase in the productivity of agriculture. They had a strong competitor in the peasant who, with the aid of the local agronomical and coöperative society, could carry on his own shoulders the whole burden of the nation's agriculture.

The case of industry was different. There it was easy to overthrow the capitalist, but more than difficult to get along without him. In fact it proved impossible in a country so backward as Russia, with little education and with a proletariat which had not had any opportunity to go through a long schooling of trade unionism and coöperatives where it could learn self-discipline and economic self-organization. The Bolsheviks tried every method, beginning with the anarchistic assigning of full power to the workmen's committees of the individual factories and ending with a centralized, bureaucratic dictatorship exercised from headquarters. Production would not pay for itself, it grew sick, it diminished, it put a burden on the budget of the state. "Expel nature through the door, it will come back through the window." In the end the old owners had to be sought for high and low, and put back as managers in their former enterprises, which were leased to them or granted as concessions. When this, too, proved insufficient, it became necessary to create a form of half-state, half-private capitalism, to establish autonomous mixed trusts.

In the matter of the supply and distribution of products things went even more badly than in that of production. The apparatus for distribution dragged on such a miserable existence that it could never displace the former apparatus for trade. No prohi-

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bitions, decrees or executions were of any avail. They only raised the speculator's premium for the risk. Underground trading and the wildest speculation became rampant. The lack of goods only raised the speculator's profit, a good part of which was to go in the form of bribes and graft to the proper controlling and punitive organs. There was a popular joke to the effect that the Bolsheviks succeeded in "nationalizing" one thing only, speculation. Speculation indeed infected everything and everybody. Even the organs of the state, in their mutual dealings, soon adopted the principles of speculative operations, with the usual attributes—large commissions and direct bribes. The spirit of graft reigned over all and the cases brought before courts, each more scandalous than the last, were of no avail and only testified to the utter helplessness of the Bolshevik Government before the actual force of things.

In other words, Russia experienced the broadest imaginable extension of clandestine capitalism. The victory of the Bolsheviks over the bourgeoisie turned out only a victory over the old bourgeoisie. It called into being a new bourgeoisie recruited from all quarters, not excluding the ranks of the governing Communist Party.

Wherein does the new bourgeoisie differ from the old? Is it better or worse? This is difficult to answer in a few words. At any rate the new bourgeoisie has more vitality. It is not used to petting and protection, but to oppression and persecution; it is not debauched by subsidies but is steeled by adversity; it knows all the ins and outs of the Soviet institutions; it is energetic, adventurous, slippery as an eel, enterprising to the point of audacity and infinitely adaptable. It lacks, however, the soundness, self-control and reliability of the old bourgeoisie. No wonder, for it was brought up in an atmosphere of gambling. It is less cultured than the old one, it includes a multitude of unlettered plunderers, upstarts from the very dregs of the populace. These representative of "underground capitalism" from the very nature of their occupations belong to the criminal world. No wonder, therefore, that they are often unfamiliar with the simplest elements of commercial ethics. The old bourgeoisie had certain narrow but persistent moral traditions; the new bourgeoisie is free from all traditions and all morals. It is a power, of course, but brutal and of animal rapacity. Perhaps some time in the future these bourgeois elements may be able to play their part in

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the economic reconstruction of Russia; at present, however, they are grafters, capable of skimming the cream, but utterly unaccustomed and unsuited to the organization of any stable, solidly founded business demanding a large expenditure of creative energy and conceived on the basis of steady and gradually growing profits.

The old bourgeoisie had in general been conservatively inclined and therefore quickly and naturally became counter-revolutionary, but in a passive and cowardly fashion. As for the new bourgeoisie, it has no political principles and its attitude towards the revolution is twofold. On the one hand, it desires the completion of the revolution and the introduction of stable order of an essentially "bourgeois" type so as to protect its acquired property. On the other hand, it has acquired that property in a far from irreproachable way, profiting not a little from the period of "robbing the robbers" and having warmed its hands at somebody else's house a-fire. For this reason it cannot be over orthodox regarding the sacredness of property, and it is inclined to play with revolutionary phraseology in general and with the right of expropriation in particular. It was born in the time of the Soviet régime, which on that very account it does not reject in principle, like the old bourgeoisie, but accepts as a point of departure. It is trying to "snuggle up to" the men and the institutions of this régime and lead them to a transformation which, from the standpoint of those "snuggled up to," would be rather a deformation. But "snuggling up to" anyone can only be done by an ally, therefore the new bourgeoisie adheres politically to Bolshevism, valuing its ability to establish a strong dictatorial power and noting with satisfaction that that power is gradually exhaling its past revolutionary substance while retaining the form of dictatorship in all its nakedness. The new bourgeoisie wishes for nothing better than to accelerate and assist that natural process. It is quite scattered as yet and unorganized and therefore acts instinctively rather than consciously and systematically. If it knew how to express its aspirations in a formula it would probably give its whole programme in six words: Painless transformation of Bolshevism into Russian-bonapartism.

Is there a chance that on the same basis, *i.e.*, with a new personnel, a class of large landed proprietors may similarly reappear? Does it not exist already in an embryonic stage? Some people point out that alongside of "underground capitalism" there has

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existed, and exists, a clandestine form of real estate ownership. There is indeed a certain foundation for such a statement. An illicit trade in real estate (particularly farm- and house-sites) went on long after the land had been socialized and the houses municipalized (or rather Sovietized). The former owners, unadapted to the new order of things, were willing to sell for a song their problematic titles to possessions from which they had already been expelled, with a flaming sword like Adam from Paradise. This was their last resource to prolong their half-starved existences. For the enterprising "new rich" these purchases were sometimes a speculation on a possible revolution, sometimes a sort of insurance for "anything may happen." Even abroad people and concerns with an eye on Russia's forest, oil, and other such concessions considered it worth while to find former owners and to obviate any possible legal claims on their part by buying up for a trifle their *jus nudum*. These buyers, however, these new owners *in spe* of real estate, do not form a separate class. People are differentiated into classes by the social source of their incomes. But the people who got an income from the clandestine sale of their real estate got one of such low value as to make them proletarians, and the purchasers acquired nothing but a risky hope for the future, a sort of lottery ticket, with the difference that a lottery ticket could be pawned while the illicit deed must be kept hidden to avoid the penalties of the Cheka.

We are thus forced to the conclusion that the class of large landowners in Russia has disappeared altogether, while the bourgeoisie has only renewed its personnel and been driven for a while underground, where, however, it has manifested such strength that it has had to be counted with; and in the end, after the coming in of the "new economic policy," it has had to be legalized in part.

The third foundation of the autocratic régime had been the bureaucracy, closely united by personal ties with the land-owning as well as with the financial aristocracy. The bureaucracy with its strict hierarchy culminated in a sharp summit, the person of the monarch; that summit rested immediately on a camarilla of dignitaries, the "star chamber" as it was termed. The bureaucracy itself was divided, in the first place, into the secular and the spiritual, *i.e.*, the hierarchy of the church which received payment from the state and was no less directly subject to the monarch

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than any other official department. Secondly, the bureaucracy fell in two divisions, civilian and military.

Bolshevism is particularly proud of having broken up all this apparatus of governing the bodies, souls and actions of the people, and of having filled all posts with men of plebeian origin—in short, of having democratized the machinery of the state. Clearly, however, the plebeisation of the bureaucratic personnel should not be confused with the democratization of the apparatus of administration. Bolshevism, after a short epoch of semi-anarchical proclaiming "all power to the localities themselves," has taken to an increasingly centralized dictatorship. Far from weakening Russian bureaucracy it raised it to a maximum, to an absurd degree. By nationalizing with one stroke of the pen commerce and industry it incorporated into state officialdom all the employees of private enterprises. Everybody in Russia possessing educational or technical qualifications of use to the cultural or economic need of the country was officialized and accordingly riveted to his lot by a "labor mobilization" of a military character.

This was not democratization of the machinery of government. On the contrary it was universal bureaucratization of all the cultural and economic functions, a bureaucratization based on increased centralizing and stern mechanical discipline. Granted that in the beginning the posts were filled in large measure by "fresh elements," these very soon, however, fell with extraordinary quickness under the influence of their new situation and developed a corresponding psychology. They proved the biological law that the function creates the organ. That is why the "commissared workers" have often been more hated by workingmen than have all other commissars. In the inner circles of the ruling communistic party the question of bureaucratic degeneration, raging like an epidemic among its members, soon became a permanent topic of the day. But this degeneration facilitated an accord with those of the old bureaucracy who had assumed in the beginning an attitude of sullen opposition, but who presently had seen the old familiar conditions reappear under the new sign and had realized that the practical thing to do was to adapt themselves and put on the new coat of political paint of triumphant but very rapidly fading communism.

The renovation of the personnel of the bureaucracy naturally produced a change in its quality. The old bureaucrats were

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solemnly deliberate, pompous, addicted to routine, but in their way reliable, specialized and highly qualified, though unaccustomed to think for themselves or display initiative or creative power. They had developed only the qualities of the subordinate.

The swarm of new elements were of an altogether different psychological type. Prior to the revolution they had been far removed from practical life; the better among them were theorists, idealists, romanticists, doctrinaires; the worse were bohemians, dilettantes, men of superficial education without self-discipline and disposed to be foolhardy. If the old bureaucrats had been slow of comprehension, always behind the times and ossified by routine, the new ones knew no limit in their reckless experiments on the living body of the land and the people and turned everything upside down, showing tremendous energy which was rendered futile by their utter incompetence. The result was sheer chaos. To cure this evil somehow the Bolsheviks were forced, here too, to hunt up the expelled specialists and to become practically dependent upon them. This has taken place not only in the civilian but in the military branch, where newly fledged "red commanders" have been trained by tsarist generals, among whom there are many chameleons from the counter-revolutionary camp, attracted by the lure of career and pay. It is self-evident that all these "hangers on" have a mutual attraction, political and ideological, with the new bourgeoisie, and cherish even more definitely bonapartistic hopes.

It remains to notice that the Bolsheviks, thanks to the separation of the church from the state, have eliminated the clergy from the ranks of the bureaucracy. By proclaiming that religion is the opium of the people, by conducting at state expense an anti-religious propaganda, by organizing processions to caricature the ritual, by exhuming the relics of the saints in an attempt to discredit the church, and by using the calamities of the famine as a good pretext to seize the treasures of the churches and monasteries, the Bolsheviks had hoped to administer a deadly blow to their enemy. They have achieved, however, practically the opposite results. The old clergy, in spite of the primitive religiosity of the masses, had no influence whatever in the parishes, and were spiritually inert and lethargic. The Bolshevik persecutions have waked them up. The church has become spiritually alert and has begun to fight for its existence. The Bolsheviks,

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generally well meaning towards the intelligentsia, transformed them into state officials and thus all but killed their free creative spirit. In the case of the church they adopted the opposite tactics; out of ill will to the clergy they de-bureaucratized them and sent them back into the ranks of the liberal professions, into the class of the free intelligentsia. And from a half dead body the church became once more a spiritual force. Then the Bolsheviks tried to split it. They found in it a number of opportunists who were willing to come to an understanding with the Soviet régime and to proclaim a church reform under the protection of the Cheka. Again they only helped cleanse it of its servile elements.

Moreover, the Orthodox clergy had looked on the Roman Catholic church as a "brood of hell," and on Roman Catholics almost as pagans. Under the influence of persecutions there has been growing a tendency to what until recently had been but the dream of a few far-sighted religious philosophers, a union of the two churches. This idea has always been cherished by the Vatican. If such a union ever takes place, Europe will owe it in large measure to the Bolshevik policy which has the knack of bringing results directly opposite to the intentions of its authors.

To the triple alliance of the nobility, the plutocracy, and the bureaucracy, which had marched under the banner of the monarchy, there succeeded after the Russian revolution another triple alliance; the revolutionary intelligentsia, the industrial proletariat and the toiling peasantry.

The intelligentsia has been the best able to comprehend and take to heart the interests of the state and nation in their totality.

Bolshevism, being the incarnation of the revolution in its most demagogic form, has more than once trampled on these interests and has imperiled the very existence of the state. Hence the fierce anti-Bolshevism among the majority of the Russian intelligentsia, a feeling which has easily taken the form of fear of the revolution in general, of deep disappointment in the people and of loss of faith in democracy. It was the intelligentsia who, long after the Bolshevik victory, by passive resistance and by boycotting the new power prevented the victors from getting hold of the machinery of the state as well as of the organs of self-government. In this struggle the intelligentsia was doomed to be defeated. For its audacity it paid a cruel price, often with the lives of its members. Later the revolutionary legislation destroyed the material foundations of its existence. The general nationali-

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zation did away with its former sources of income. Then the labor mobilization dragged all into the net of Soviet officialdom. Then the policy of reduction of staffs and of denationalization again threw the intellectuals out onto the street. No class has been reduced to such a bitter and hopeless economic situation as the intelligentsia. And now, starved, ragged, demoralized, used to compromise and humiliation, forgetful of its higher aspirations in the bitter struggle for a loaf of stale bread, it has become disillusioned and unpolitical and has lost its confidence and self-respect. Its level of culture and its special qualifications have also suffered. This is the general picture. Of course, there are elements among the Russian intelligentsia whose moral temper have become steeled under the blows of fate, and who have risen to actual heroism. But these are white ravens.

There has grown up also, alongside the old professional intelligentsia, a new semi-intelligentsia of a purely plebeian, peasant and proletarian origin. It has shown remarkable vitality in the struggle for existence, and under superficial culture contains many elements of psychologically "healthy barbarism." They are vital elements of the future in spite of their unattractive present. They are far from having said their last word, and will have to be reckoned with.

The industrial proletariat had, prior to the revolution, played a part quite disproportionate to its small numbers. This was largely due to the fact that Russian industry, while of no great magnitude, was highly concentrated, geographically and in its organization. As the workmen were crowded into a few districts they acquired far greater strength than if they had been more equally distributed throughout the land. This facilitated the carrying out and triumph in Russia, undeveloped industrially though she was, of a plan to institute what so far has not been realized elsewhere, the dictatorship of the proletariat.

During the war a stupid experiment was performed on the Russian industrial proletariat. The military specialists of the autocracy did not expect a prolonged war which would exact the use of all their technical development, a sound organization of the rear, and all the strength of those engaged. Accordingly, in the mobilization for the front they did not spare the valuable and none too numerous skilled workers and technical industrial personnel. On the other hand, the subsequent forced growth of the military industries created a new improvised

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working class gathered from anywhere, undisciplined, without experience and without traditions of organized and sustained class struggle. As it became dissatisfied this new proletariat showed itself extremely impulsive, changeable, unreliable, utterly lacking in discipline, and full of naïve faith in "the social miracle." Its socialism was usually of the primitive distributing and receiving variety. This section of the proletariat furnished the Bolsheviks with a great many of their fiery, but half-baked and unreliable adherents.

Then came the period of the Bolshevik experimentation in industry, resulting in the wholesale stoppage of the factories. The working class began to run away from the industrial centers and to turn to agriculture and village trades. Indeed almost all would have dispersed had not the government taken action when it perceived the danger of losing the ground under its feet, of remaining with a proletariat dictatorship but without any proletariat. Enterprises were therefore kept going at a loss to the state; factories worked only spasmodically. A part of the proletariat became more or less the state's "free boarders." Another section managed to exist by illegally or semi-legally appropriating to their own use a part of the goods they produced and selling them on the market at speculation prices, or else by manufacturing, with the state's instruments and raw materials, small articles also to be sold in the market. Certain of the workmen enjoyed various privileges (granted them as proletarians by the new régime) such as exclusive rights to make trips to rich grain regions to purchase and bring back flour which could be sold at exorbitant prices. A part joined some of the food-collecting or controlling detachments and the like, which lived by direct or indirect robbery of the peasants. The laborers were thus condemned to the rôle of small traders or speculators or robbers. The best of them, mainly members of the true, competent, prewar working class despised these make-shifts and escaped to the villages, disregarding the threats of penalties for "desertion." The worst became more demoralized, and formed a sort of civilian pretorian guard of the ruling party. Some of them joined the communists or became "sympathizers," others with greater cleverness formed groups of "honest non-party workers" and sold their support to the ruling party for "considerations." Life, however, is weeding out these unsound elements from the working class and a sound core is again gradually being formed.

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As for the peasantry, it certainly gained a great deal during the first period of the revolution. The peasants had considerably enlarged their holdings, they no longer had to pay tribute to landlords, and likewise they stopped paying taxes, which was easy enough to do while anarchy reigned in the country. To a certain extent they became more homogenous as they divided the land with more equality, but inasmuch as its socialization had been brought about unsystematically, by means of disorderly seizure, there were considerable differences between local groups. Further equalization was done very rudely by the so-called committees of the poorer peasantry.

Meanwhile the Bolsheviks, after finishing their expropriations in the cities and almost destroying industry, were in the position of a power which had deprived itself of objects that could be taxed. They had to turn to the villages. A system of extortions served to reduce the peasants to a minimum level of property. The villages tried to foil the authorities by passive resistance. They had no use for the non-productive city with its worthless paper currency. When they were required to surrender as a tax to the state all the surplus of their produce they retorted by reducing the area under actual cultivation and doing away with the "surplus." The Soviet authorities at first replied by calling everything above the "hunger ration" a surplus and hunting out and confiscating all stores of grain. The villages, left without any reserves, were doomed to famine at the first poor crop, but that did not cow them. Then the Bolsheviks tried to take a step still further. They declared sowing of the land to be an obligation to the state. This was a return to ancient conditions and the villages talked of Soviet serfdom. The utopia of state regulation of the whole economic existence of the peasantry collapsed from its own ineptitude and from the dreadful catastrophe of the famine. With the "new economic policy" in the cities a gradual inevitable liberation of the villages set in.

All this time, under the flag of the proletariat dictatorship, a fierce struggle was going on between the city and village. The villages lived through an epoch of broad-cast but isolated insurrections which were drowned in the blood of the peasants. From open rebellion they changed to the warfare of guerilla bands. To cope with this the Bolsheviks reintroduced the mediaeval custom of making the whole village responsible for its individual rebels, and thanks to this barbarous method they

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triumphed, but the village fell back on its last suicidal means of revenge, further reduced the sowing area and starved itself to starve the city. The Bolshevik Government had to beat a retreat before this *hara-kiri* by famine.

Much as the villages suffered in this obstinate struggle, often as they met with defeat, the last word was theirs, and they realized it. The specific weight of the peasantry as a productive force has markedly increased in consequence of the general breakdown of industry and the eclipse of culture. Granting that the vitality and tenacity of the village is that of the lower organisms surviving under conditions where higher ones could not exist, it matters not. The village knows that everything depends on it, on its productive forces. This growth of its economic importance stands in flagrant contradiction to its political subjugation and lack of rights. Such a contradiction can not continue long. The possessor of economic strength must have political power. This is why Bolshevism, alien to the village and unable to establish proper relations with it, is doomed to permanent instability in spite of all its physical victories.

Such are the changes which have taken place in the class structure of revolutionary Russia. They offer the key to the understanding of contemporary Russian political parties.

The former masters of the situation, the monarchists, are recruited from the old nobility, the old bourgeoisie and the old bureaucracy. They are *déclassés*, dragging out their existence in exile, a motley crowd, who have forgotten nothing, learned nothing and are in a state of political decomposition. They are split into sects, each with its own pet candidate for the Russian throne, which is thought of by nobody in Russia except by a few old men tottering to their graves. The exiles of this sort have no political prospects nor tactics, unless we designate as tactics their attempts to stab in the back their neighbors from the democratic parties, whom they cannot forgive for their participation in the revolution before the Bolshevik period.

The new lords of the situation, the Bolsheviks, were joined at the time of the October Revolution by a great crowd of adherents from the masses, but their numbers consistently dwindled as their illusions were shattered by reality. This withdrawal of the disappointed masses was interrupted by the attack of the counter-revolutionary generals, whose attempts to restore the buried social and political past revived Bolshevik sentiment in the

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community and drove back to the Soviet fold many who were frightened at the prospect of a reactionary victory. Only after the final liquidation of the dictatorship of generals and of foreign interventions in their favor did the delayed process of debolshevisation of the workers set in again. This is going on at the present time, and has reached a stage where the Bolsheviks have no other support than their bayonets. But as to bayonets, there is an old saying that, whatver else one can do with them, one cannot sit on them.

The new bourgeoisie, the hangers on from the ranks of bureaucracy and the turn-coats from the camp of its former enemies, are now the allies of Bolshevism and, in secret, its would-be successors. Their political philosophy is based on the hope that the Bolsheviks are unconsciously fulfilling an historical mission: to establish firm authority, to expand the territory of Russia (too much reduced in the time of war and anarchy), to reëstablish her military power, and to improve her international position and prestige. After the bankruptcy of the Bolshevik social utopia, and the successful solution of the national problem, their work will have been completed. And unless they know enough to change over to a bourgeois-bonapartistic form of government they will have to yield their power to another group, their present allies.

The once great Constitutional Democratic Party (Kadets), the party of people's liberty, in losing the liberal *zemstvo* nobility, has lost its old social foundation, without which it would have been a party of professors and lawyers, a staff without an army. It is not surprising, therefore, that in Russia it has disappeared as entirely as if it never had existed. Its remnants, cast out abroad, have split up; some in their thorough hatred of the revolution have united their fate with that of the Russian Koblentz. Others, led by P. N. Miliukov, are in search of a new social basis, and are making an effort to win the sympathy of the future power, the peasantry.

The Social Democrats (Mensheviks) are appealing exclusively to the section of the proletariat that was not affected by the process of disintegration during the past few years. Numerically small, and with the Bolshevist reign of terror still fresh in mind, they are at present more than a political-social club than a party, championing Marx's teachings in their pure form as against Bolshevist distortions. Powerless for anything except legal

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opposition, the Mensheviks constantly emphasize the loyalty of their attitude towards the existing authorities, and until recently have endeavored to exist as a legally recognized party. The latest persecutions, however, have driven them underground, though without affecting their tactics.

The party of the Social-Revolutionaries, which at the elections for the Constituent Assembly in 1917 received more votes than all the other parties combined, remains as before the most serious rival of the Bolsheviks. As before, it tries to unite under the same banner the industrial proletariat, the toiling peasantry, and the idealistic section of the intelligentsia. Defections from its left wing towards a compromise with the Bolsheviks, and from its right towards an alliance with the military dictatorship, have only served to strengthen and solidify it. The attempts of the Bolsheviks to discredit it at the great Moscow Trial had the opposite effect and decidedly strengthened its popularity. This explains why the blows of Bolshevist repression are unceasingly directed against it. But it is growing larger and stronger in spite of them.

Besides these old important parties there are several small detached groups; and there are also the embryos of future new parties. The two chief of these are worth noting. One is made up of elements hovering between the Kadets and the Social-Revolutionaries, not unlike the Radical Socialist party in France; the other is narrowly peasant-agrarian, on the lines of the German "Bauernbündler." Both of them hope to get recruits from the villages and from sections of the intelligentsia which have hitherto been leaning towards the Social-Revolutionaries. However, both of them exist as yet only in project, and are privately talked about only among backsliders among the Social-Revolutionaries and Kadets who have been compelled to swerve a little toward the left.

These are the changes in the class-structure of pre-revolutionary Russia. These are the political groups and regroupments. Without a clear understanding of them it is impossible to understand political happenings in Russia or to see into the future.

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LENIN AND MUSSOLINI

By Harold J. Laski

I

THE progress of science in the past century has reduced the world to the unity of interdependence. A civil war in America brings starvation to the cotton towns of Lancashire. An injury to the credit-structure of Germany may involve a panic on the Paris Bourse. Not less notable than this web of complex interweaving is the pace at which change proceeds. Feudal Japan can become, as it were overnight, the modern state. Men are still living to whom the railway was an incredible innovation; and their children will doubtless watch aerial traffic blot out the distance between London and New York.

We pay, of course, the price for scientific development. The complexity that ensues involves a necessary fragility in the machine. The working of our social institutions depends, as never before, upon the maintenance of peace. The mechanisms of civilization are so delicate that they respond like the needle of the compass to every gust of wind; and without their continuous functioning we are, to continue the metaphor, like sailors upon an uncharted sea. We cannot maintain the vast system of interrelationships we have built unless men are prepared to follow consistently the path of reason in their affairs. We need a minimum of social unity that will at least persuade mankind that the path of social change is a matter for deliberation and argument, not for violence and physical conflict.

Yet our interdependence has not procured a unified outlook. Racial hatred, national suspicion, the war of class and class, all these remain to emphasize to us the error of optimism. Confidence, in fact, is the more dangerous because the weapons that science has placed at the service of destruction are now so powerful that their utilization is incompatible with civilized life. We have learned in the last decade that the impulses of savagery that are loosed by war are utterly destructive of the foundations of a decent existence. If men cease to trust the goodwill of institutions, if, that is, they sacrifice the winning of conviction to the attainment of their desires, civilization could quite easily be reduced to the condition where, as in Mr. Wells' imaginary picture,

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some aged survivor may tell of an organized and coherent world as a legend which his grandchildren cannot hope to understand. The plain lesson of scientific knowledge is the making of social change in terms of peace. We must utilize our institutions. To destroy them is to destroy ourselves.

Such, at least, seems the plain lesson of recent experience. It implies, of course, the general realization that great events suggest the importance of continuous social reform. The mass of men has now been entrusted with political power; and the governments of the modern state must discover ways and means of translating the will of an electorate which has hardly known the amenities life can offer into terms of statutes. It is possible that so long as the process of legislation can offer proof to the democracy of a good will that results in solid benefit the transition to a new social order will be accomplished in peace. But the good will must be demonstrated; and the benefits must affect those who feel that they have now too small a stake in the present order to make its preservation a matter of urgency to themselves.

Such an attitude is the more important because the desirability of social peace has recently been attacked from what, at first sight, might seem two opposite directions. In Russia, a revolution made in the name of the workers has enthroned in authority men whose boast it is that they hold power without regard to the will of their subjects. In Italy, there developed alongside the constitutional government an extra-legal organization to which, at the first definite challenge, the former was compelled to yield. In Russia, the Bolsheviks have won and maintained power only at the cost of immense bloodshed, in large part, doubtless, the result of foreign intervention. In Italy, the Fascisti met with relatively little opposition at home, and with no external challenge. It is common to both movements that their power is built upon the force they can command. It is common to them, also, that they have rigorously suppressed all opposition to themselves and dismissed as unimportant the forms of constitutionalism. Each has exalted the end it has in view as superior to all problems implied in the means that have been used. Each has declared its own will so clearly identical with the good of the community as to make invalid, on *a priori* grounds, the notion of its critical analysis. Each, that is to say, has abandoned the path of reason and declared, in substance, that a great end transcends the doubts to which its methods have given rise. It is worth while

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to examine in some detail the principles and possibilities which lie behind this attitude.

II

A revolution in Russia was doubtless implied in the logic of events. No government which is vicious in principle and corrupt in practice can hope, particularly in the atmosphere of military defeat, to retain the allegiance of those who do not share in the benefits of its dishonesty. But the Russian Revolution differs from all its predecessors in that it came in the name of a consistent system of doctrine; and it was largely made by men to whom that system contained the quintessence of social truth. No one can fail to be impressed by the contrast between France in 1789 and the Bolshevik Revolution of November, 1917. At no stage in the drama of Versailles was a body of coherent principles given validity in the event. 1789 was a revolution of occasion; November, 1917, was a revolution of theory. Lenin and his disciples came to do battle in the name of a social philosophy each item of which was built upon historic interpretation. Accident might have defeated their effort, Kerensky might have been a strong man; the Allies might have had a definite policy; the nation might not have been welded into unity by external invasion. But granted that the opportunity was given, Lenin was the first author of an attempt to translate the Marxian creed into the institutions of a state. His was a root-and-branch challenge to western civilization. It was not merely a rejection of social reform; it was not merely an insistence on the over-whelming superiority of communism. It was pre-eminently the argument that communism is so obviously desirable that the cost of its establishment must not be counted; and the methods to that end were drawn from the system inherited by Lenin from Marx.

The theses upon which Lenin has proceeded have at any rate the merit of comparative simplicity. The political institutions of society, he argues, are merely a facade to conceal the real nature of the state's organization. The state is in fact a method of protecting the owners of property; and the true division of men is into those who own and those who do not own possessions other than their power to labor. The life of the state is an eternal struggle between them. They have no interests in common. The class which owns property moulds the civilization of society in the service of its own interests. It controls the government, it makes

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the laws, it builds the institutions of the commonwealth in accordance with its own desires. It divides the society into free men and slaves; and with the advent of capitalism the last stage of that historic antithesis is reached. Just as the social order of the past has secreted within its womb the germ of its successor, as, for example, feudalism produced capitalism, so does the latter contain within itself the germ of its communist successor. Capitalism, as Marx said, produces its own grave-digger. The conflict between owner and proletariat is an inevitable one, and it is bound to result in the victory of the proletariat. The process is predetermined; and there is nothing in Lenin's writings to suggest that a doubt of ultimate success has ever crossed his mind.

The method he advocates is, of course, the method of Marx. The workers are to assume the reins of power by a revolutionary act; and a dictatorship of iron rigor is to consolidate the new system until the period of transition has been effectively bridged. Lenin has never blinded himself to what this implies. The history of capitalism seems to him the history of a relentless defense of every phase of the rights of property. These were maintained at every point by methods unconnected with morality. If the conflict was extreme, as in the days of June, 1848, or as with the Commune of Paris, the last ounce of misery was wrung from its opponents that capitalism might be secure. A period of comparative quiescence may produce the concession of social reform, but this is merely deception. Once a really vital point is touched by the workers' demands, they are met by armed resistance. This means that only a conscious and violent intervention can realize communism. The proletariat must seize a propitious moment for the revolution; and until the revolution comes it must do all in its power to disturb the existing régime. For communists have only two functions, to prepare for the revolution and to consolidate it successfully when it has been prepared.

The period of consolidation has always seemed to Lenin a period of iron dictatorship. He has had no illusions about the possibility, in such an hour, of democratic governance. Ideals of freedom and equality are bourgeois myths which cannot be admitted until the ground won has been secured. Revolution provokes counter-revolution; and a victorious proletariat must be on its guard against reaction. Revolution, in fact, demands of the revolutionary class that it secure its purpose by every method at its disposal. For compassion or remorse it has neither time nor

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opportunity It must disarm antagonism by execution, imprisonment, forced labor, control of the press. For as it cannot allow any effort at the violent overthrow of what it has established, so must it stamp out such criticism as might engender further attack. Revolution is war, and war is founded upon terror. The communist must use, in fact, the methods of capitalism to extinguish capitalism. For as capitalism has made of life itself the cheapest of commodities, there need be no repining at its sacrifice, and the result, in the end, is worth the cost, since it destroys the possibility of future sale. It would be, as Marx said of the Paris Commune, a wanton betrayal of trust to observe the traditional forms of liberalism. The end involved is too great to be nice about the means employed.

Nor, Lenin argues, can revolutionary communism halt at its own frontiers. The best defensive is the offensive method; it must attack other states lest they become centres of attack against itself. Of this attitude the Moscow International has been a not ineffective expression. It has allied itself to every centre of proletarian discontent. It has sought everywhere to create revolutionary working-class organizations hostile to the constitutional weapons of the middle-class state. Communists all over the world have been invited to arm the class-conscious proletariat. They have been invited to do all they could to cut down the army of the state as the chief weapon of defense possessed by the bourgeoisie. They have been urged to form their independent, if hidden, military force and acquire arms by every method. They have been asked to discredit influential democrats to whose word the working-class seemed to respond. For everywhere, Lenin has insisted, a violent struggle is inevitable. In England, for example, the workers might capture Parliament at the polls, but political power is in any case a shadow, and were it used for an attack on property it would inevitably provoke an armed resistance. Lenin, indeed, has gone further, and is openly contemptuous of democracy. It is for him a bourgeois institution intended only to deceive the people. The proletariat will always be deceived; and there can be no reliance save upon the class-conscious minority which accepts his views. For in his eyes there is no place in history for the majority-principle. The record of states is of a clash between determined minorities contending for the seat of power. To introduce considerations of consent, to wait on in the belief that the obvious rightness of

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communist doctrine will ultimately persuade them to its acceptance, is entirely to ignore reality.

A generation which, like our own, has seen these dogmas applied by armed battalions is unlikely to under-estimate their importance. Nor are they less significant because Lenin has retreated from the full substance of his original position. Compromise may have been made with the peasants; internal difficulties may have called a halt to international propaganda; the pressure of circumstance may have admitted a small measure of private trading. What is here in dispute is not the end the Russian Revolution seeks to serve. The idea of emancipating a people from economic servitude is unquestionably a noble one; and there is a fundamental sense in which the atmosphere of that effort marks a great epoch in the history of mankind. Lenin is quite obviously informed by high sincerity. No work has been too difficult or too dangerous for either himself or his disciples to undertake. They have shrunk from no labor, however hard; and they have pursued throughout impersonal ends.

The question involved is a different one. Capitalism may be all that Lenin believes; and, indeed, the indictment against it is, on any impartial view, a formidable one. The question is whether the overthrow of institutions by violent means is ever likely to serve its intended purpose. It entails, and has entailed in Russia, the suppression of tolerance and kindliness. It has sown cruelty and hatred, anger and suspicion, into the soil of human relations. It has impaired at every point the intellectual heritage of the Russian people. It has been impatient of reason and fanatically hostile to critical enquiry. Its method, in fact, has been that by which every militant religion in past history has propagated its creed. The religion may have been true; but a religion which has sought to enforce its truth by the sword has always been in ultimate conflict with what is most precious in the nature of men.

III

The Italian movement is different in origin, but its ultimate spirit is in no-wise dissimilar. Leninism has been the dictatorship of a party, Fascism is the dictatorship of a man. Its rise is in part due to the endeavor to escape from the disillusion which seized Italy after the Treaty of Versailles, and in part to the ill-considered effort of the left-wing Italian socialists not merely to link themselves to the Third International but also to seize con-

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trol of industry in some of the great towns. Violence assumed the character of a habit in post-war Italy. D'Annunzio's defiance of the Allies at Fiume awoke everywhere a vivid enthusiasm; and the ultimate expulsion of his troops by the government was a profound blow to the new pride of irridentist victory. Hardly less dissatisfaction was caused by the supineness of the government before the progress of socialism. Its refusal to expel the workers from the occupied factories was taken, not as a wise effort to avoid unnecessary bloodshed—since their surrender was inevitable—but as a failure to accept the challenge of Bolshevism. The older politicians were thoroughly discredited. Giolitti had been opposed to Italy's entrance into the war; Orlando had surrendered to the prestige of President Wilson; Nitti's conversion to the outlook of a "good European" did not square with the inflamed ambitions of victory. There had, moreover, been for many years a profound unreality about the alignment of Italian parties. They were in the control of machines bankrupt of ideas and—the clericals apart—little different from each other. A revivification of political life was essential if Italy was to realize the new possibilities opened by her part in the victory.

It was as the symbol of that revivification that Mussolini came to do battle with the old order. In part he represented the passionate optimism of youth, eager to control what seemed a great destiny, and in part the desire of the small property-owner for security against the advance of socialism. Fascist ideas found a ready acceptance wherever men were ambitious of power or apprehensive of novelty. As a soldier in the late war, Mussolini could claim a part in the victory. As a former member of the Socialist Party, he had the credit which always attaches to those who abandon unpopular views. The small bands of his supporters grew rapidly until they were the one organized and disciplined party in the state. They were able by direct action to drive out the socialists from their municipal strongholds. They met criticism and dissent not by words but by deeds. They destroyed the printing-presses of their opponents. They broke up public meetings. They beat strikers into submission. Where they encountered resistance, they did not hesitate even at assassination to enforce their will. The district authorities were cowed into submission to their local leaders. They infected the army and navy with their spirit; and the government did not dare to challenge their power. Mussolini, as chairman of the central

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council, exacted and received an iron obedience from his followers. They were organized like an army; they wore a uniform. By the summer of 1922 Mussolini had half a million soldiers under his command. The time had come to move from the atmosphere of influence to the realm of government. He marched to Rome. The cabinet resigned its authority into the King's hands; and the latter had no alternative save to make Mussolini Prime Minister.

He was not even within sight of a parliamentary majority; but the Chambers abdicated before his avowed contempt for them. Either, he asserted, they must accept his will, or he would act without regard to their constitutional power. The ethos of Italy was incarnate in himself; and to oppose him was to invite disaster. The result was a remarkable triumph of dominant personality. The deputies did not hesitate to surrender their authority; if they criticized, they were beaten in the street or subjected to humiliating personal attack. Foreign policy and domestic policy alike were simply the will of Mussolini. His followers became the national militia. It is now a legal offense to publish material which serves to bring either the government or its policies into contempt. Freedom of speech has so far ceased to exist that older statesmen like Giolitti and Orlando have hastened to salute the new star. The Chamber of Deputies has passed a bill by which any party which receives one-quarter of the votes at a general election will secure automatically two-thirds of the seats in the Chamber; and since every Italian Government controls the elections Mussolini has granted himself at least four years of power.

He has openly thrown overboard all pretense of majority-rule. He will obtain power not because the mass of the electorate supports his views, but because his followers will not allow opposition to make itself heard. Government, for him, exists to fulfil needs, not to give effect to wills; and its first requirement is an overwhelming strength incompatible with liberty. For liberty, indeed, Mussolini professes no affection. He has called it a nineteenth-century concept which has exhausted its utility. Liberty, for him, is the parent of anarchy if it implies hostility from opponents, and the proof of disloyalty, involving expulsion from the party, if it comes from his declared supporters. He is hostile, also, to notions of equality. Though Fascism was, in its first phases, republican, since its accession to power it has found reasons to believe in monarchical government. It is avowedly favorable to a régime of classes; and it regards the hierarchical

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structure of society as the natural reward of ability in an order where the weaker must go to the wall. It is opposed to public enterprise at a period when the increasing control of basis monopolies is more and more regarded as a vital part of social policy. It is imperialistic in foreign affairs. It regards the League of Nations as the ill-begotten child of Anglo-Saxon plutocracy. It is determined to expel England and France from the domination of the Mediterranean. It regards Jugoslavia with suspicion. Wherever Italians dwell in foreign lands, it proposes to create *enclaves* of Fascismo that they may "be brought to live the Italian life more intimately" and be protected "legally and extra-legally" where they are dependent upon foreign employers. It seeks the domination, in particular, of the Adriatic, which involves the economic penetration of Albania. It demands a sympathetic policy towards Turkey in its new form.

The student of Fascismo who desires to glean from its literature any definite system of ideas will be astonished at its incoherent naïveté. The Italian mind has always been prolific of eloquence; but Cavour and Mazzini, whatever their limitations, had always in view a tangible ideal. Mussolini has offered no such hostages to fortune. His writings and speeches have been sedulously kept within the realm of the impalpable. He emphasizes the importance of patriotism and the duty of upholding the national interest, as at Fiume, at all costs. He denies the validity of class-warfare. Capital must be protected; but labor must be given a due coöperation in its management. He believes, particularly, in the promotion of peasant proprietorship. It is at once a safeguard against Bolshevism and a means of giving individualism the opportunity of active expression. He believes in law, but, so to say, in a lawless sense. When government is weak it must be made strong; and direct action is the path to strength. For the subversive tyranny of Lenin there is substituted the creative tyranny of Mussolini. He has a ruthless will to power; and the extreme situation in which he found himself seemed to demand heroic remedies. The will to power justifies the assumption of power. Its victory means the close of the period of internal trouble and foreign disappointment. Production is to be intensified; all political and economic deficiencies are to be repaired. When life "has resumed its peaceful rhythm" violence may be discarded; but it is an essential method until the national reconstruction is complete.

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No one who has seen a political party constructing its electoral program can fail to recognize phrases of this kind. The promise of a new heaven and a new earth are part of the common stock-in-trade of those who traffic in the art of government. Wherein, perhaps, Mussolini differs from his predecessors is in the passionate conviction by which his activity is inspired. He literally regards opposition to his views as a crime. He literally insists that all Italian history since the time of Virgil finds its consummation in the movement he leads. Any party, of course, which regards its dogmas as a religion is bound to derive strength from its fanaticism. It is too early yet to pronounce a judgment upon the meaning of this victory. Declarations of truth are inevitably easier than their realization in the event. Insistence that violence must give place to order is more easily announced than applied. Expectations that one's opponents will start from the acceptance of the condition one has established are often doomed to disappointment. Mussolini has used all the weapons at the disposal of force to hew his way to power. He has trampled down all opposition. He has cowed his critics into silence. He may have yielded a little here, as in his support of England's policy to Germany, or his conciliatory attitude to the Vatican; in general, he holds office without conditions or limitations of any kind. He has made a revolution as vital as any in the history of the last decade by methods which Machiavelli would have understood and admired. If he establishes at length the rule of reason, it will be in terms of the rejection of its essential instruments. For there is no connection between conviction that is won by persuasion, and acceptance that is extorted by force. The victories of the former are enduring; but the conquests of violence produce a reaction conceived in the tragic terms of the model they create.

IV

The historian of the next generation cannot fail to be impressed by the different reception accorded to the changes of which Lenin and Mussolini have been the chief authors. Where Lenin's system has won for itself international ostracism and armed intervention, that of Mussolini has been the subject of widespread enthusiasm. He himself has been decorated by the governments of foreign powers; ambassadors have exhausted the language of eulogy at official banquets; and great men of business have not hesitated to say that only the emulation of his methods

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can reduce the working classes to a proper state of mind. Yet, save in intensity, there has been no difference in the method pursued by the two men; and it is difficult to avoid the conclusion that the different reception of their effort is the outcome of their antithetic attitudes to property.

Yet the danger implicit in each philosophy is a similar one. We have spent so many years in war that we have grown accustomed to a code of conduct peculiar to times of disorder, and we have even erected laws of behavior which are special to periods of rebellion. In Greece, in Turkey, in Bulgaria, the writ of violence alone receives allegiance; and the news of murder and pillage is accepted without a sense of outrage. We are training to the thought of seizing power numbers of desperate men who are careless of the historic tradition and contemptuous of the morality upon which our civilization has been built. The same temper may be found in America and Ireland; and evidence of its existence in England and France can be found on every hand. Mussolini and Lenin are merely the last term in a series which pervades the circumference of western civilization.

The attitude they represent is the simple one that they serve a great end, and that barriers in the way of their goal must be removed at any cost. Yet it is obvious that if any group of men may, because of ardent belief, ignore the tested constitution of society, there is no prospect of peaceful development. For it is the plain lesson of experience that the only permanent basis of power is action built upon the wills and desires of the mass of men; and those who govern must be humble enough to be so skeptical of their conclusions as to be willing continuously to submit them to the judgment of their fellows.

Since, at least, the Renaissance, what improvement we have made in matters of social organization has been built upon the maintenance of this temper. The willingness to abide by free enquiry is the one certain avenue of progress. We may dislike the result; and we may seek to persuade men by further investigation to reject decisions that have been made. What is above all important is the notion that toleration is the persistent atmosphere of experiment. Once we are willing to be aggressively dogmatic about what are, after all, the most difficult of all questions, we invite the abandonment of reason. For every system of government which fails to rely upon persuasion and argument will always attract to itself men who are capable of neither. They

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may begin by asserting that they have seized power for a great end; they are bound to continue by holding power for its own sake. And they are certain to hold power by penalizing dissent from their views.

Such systems have been tried before in history, most notably in the case of religion. They have always failed for the final reason that the bonds which unite the social fabric are too fragile to survive a constant assault. Medieval dogmatism did not produce conviction; it involved the wars of religion. The price we pay for militant certitude in social affairs is always the establishment of a despotism. From despotism to conflict the step is near and logical.

Lenin and Mussolini alike have established a government not of laws but of men. They have degraded public morality by refusing to admit the terms upon which civilized intercourse alone becomes possible. By treating their opponents as criminals, they have made thought itself a disastrous adventure; and that at a time when what is needed, above all, is inventiveness in social affairs. They have penalized sincerity in politics. They have given rein to passions which are incompatible with the security of life. They have insisted on the indispensability of themselves and their dogmas even though we cannot afford to pay the price incurred in the enforcement of that notion. If, as with both men, the problem of social change is to be restricted to a struggle between property and poverty, we shall end either by the establishment of an iron industrial feudalism or an anarchy in which our intellectual heritage will perish.

It may well be that the time has come for a revolution in the temper of human affairs; certainly no modern state can at once widely distribute political power and seek to maintain great disparities of fortune. But the only revolution that can hope for permanence is that which wins by slow persuasion the organized conviction of men. To endanger that process by exalting violence will not merely destroy a law here and a government there. It will, in the end, disrupt the foundations of the social fabric. Great events are not produced by the mechanisms of law or the efforts of single men. They depend, in the last analysis, upon the spirit which surrounds the circumstances of government. If that spirit is habituated to methods of violence, we cannot maintain the traditions of civilization.

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REPARATIONS AND THE POLICY OF REPUDIATION: AN AMERICAN VIEW

By Alpha

I. THE CAMPAIGN FOR REDUCTION OF THE DEBT

ENGLISH economists have long maintained that France must do two things in order to set Europe on the road to recovery and at the same time get reparations for herself.

First, she must ease the pressure on Germany for current payments on reparation account. It goes without saying that the object of this is peace and a chance for Europe to get to work. That it would accomplish its object does not seem to be open to doubt.

Second, France must make an immediate and drastic cut in the total amount of her reparation claim. The avowed aim of this proposal is a final settlement of the whole reparation question on a reasonable basis such as would enable Germany to raise foreign loans for reparation purposes. There is great weight of authority back of this second proposal. British financial opinion appears to support it unanimously and American financial opinion is much impressed with its practical sense. But American popular opinion and a considerable section of British popular opinion have little sympathy with it. The French have none at all. In these differences of opinion we have all the elements of a continuance of the disastrous deadlock of the past three years.

The question must be asked whether the proposals for a reduction of the reparation debt deserve to be regarded as practical proposals, or whether, on the contrary, insistence on them has not driven Europe away from peace and the reëstablishment of normal processes of industry and trade. It is asserted that the obligation resting on Germany is fantastic, more especially as she will be unable to create adequate export balances to meet an external debt of such magnitude. But the practicality of proposals for an immediate reduction of Germany's fantastic obligation is only to be judged after considering the even more fantastic obligations which France is facing.

When we examine in some detail the situation of France, both positively and in relation to Germany, it seems evident that all efforts to induce France to cut down her claim without offering

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her something tangible in exchange are bound to meet with her determined opposition. Her friends insist that she waive her ultimate rights for the sake of present advantages which she considers to be entirely too vague. She has been given to understand that there is little or nothing to be gotten out of Germany now, and that what she may expect in the future will represent only a small fraction of her total claim. The French are well able to recognize that Germany cannot pay much now, and in the view of the writer the French Government would be able and willing to ease the pressure if there were any assurance that the reparation claim would receive serious consideration later.

The French taxpayer is carrying a staggering load and if he is to be asked to carry still more account must be taken of his psychology. This has not been done. No sooner had the debt been fixed than a clamor arose for its immediate arbitrary reduction. This clamor has increased in vehemence with the passage of time and has driven France ineluctably into an effort to enforce her claim. It is not that the French stick out for this or that figure, ultimately. But the spirit of the agitation has been most disquieting to them. Its spokesmen have had little understanding of the difficulties of France, and the French have seen the possibility looming up that Germany will never be required to pay anything.

The French are sufficiently versed in economics to comprehend the difficulties that Germany or any country may be expected to encounter in paying off a large external debt. Their knowledge of economics, however, also tells them that what Germany does not pay they themselves will have to pay, that an internal debt is the same as an external debt so far as the taxpayer is concerned, and that there is no escape from it. Their problem is altogether too serious for them to be able to accept offhand predictions regarding Germany's future export surplus. In these predictions they observe a tendency to exaggerate the difficulties of the task laid on Germany by the Peace Treaty. It has been said, for example, that she will have to create new export industries, since the productive capacity of present industries has its limits. In reply to this, French economists have pointed out that taxation for the purpose of paying the debt will reduce consumption, and that surpluses available for export will presumably be created in this way, as well as by increase of production. When all is said, the discussion is an abstract one, both pro and con. The French do not deny the difficulties of the exchange problem, but they are not

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prepared to admit that these difficulties can be measured in advance. Not only can Germany's visible exports not be predicted; the wide field of her invisible exports, concerning which no precise facts were known even before the war, remains to be investigated.

More than this, two practical means of surmounting the exchange obstacles are ignored by the protagonists of debt reduction. For one thing, rates of interest can be lowered and the period of amortization of the capital can be extended. That proposals of this sort are more likely, as a matter of practical psychology, to appeal to a creditor than proposals of a reduction of principal has been demonstrated by the debt funding negotiations carried on in Washington by the British Chancellor of the Exchequer. Then again, portions of the annual instalment can, if necessary, remain in the debtor country for investment for the account of the creditor. It is by this means that a large part of the interest accruing on English capital loaned abroad is realized on by English bondholders and shareholders. In the case of the reparation debt the holdings thus acquired would be sold by the French Government to private investors. Objections have been made on the ground of the undesirability of the participation of foreigners in German industrial undertakings. But the possibilities of such a solution or partial solution are too great to be casually dismissed.

Two other arguments for immediate reduction of the debt have been advanced.

The one upon which the greatest stress has recently been laid is that the credit and morale of Germany will be reëstablished and reparation payments secured through the floating of an international loan for Germany. France has been told that she must take a business-like view of the situation. The January proposal of the British Government was that the German obligation be cut down 60 per cent. Here was something concrete and business-like so far as concerned Germany. On the other hand, France was asked to cut 9 billion dollars off her claim in return for nothing except new promises to pay. This was after having received in four years' time 100 million dollars on account of a total reparation claim of 15 billions. If France were offered 3 or 4 billion dollars cash she would probably be quite willing to tear up a considerably larger amount in face value of the German promises which she now holds. But no such offer has been made, for the

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simple reason that no such loan as has been suggested is possible, or was possible even before the French moved into the Ruhr. German credit is worthless, whether or no the capital debt is cut down, for the first essential of credit is lacking.

Liabilities have little to do with credit—they can be deferred. What ails German credit is that for three years Germany has been crying that she cannot pay. What ails German morale is that for three years it has been dinned into the ears of the German people that the debt is beyond their capacity. The atmosphere has been one of repudiation, which stifles confidence. When the agitation for reduction of the debt ceases the three things really necessary to German credit will have a chance: first and foremost, French confidence in the intentions of the debtor, and following from that, reasonable terms of payment and the restoration of normal earning power. If Germany could be induced to face her reparation debt the way Great Britain has faced the American debt the reparation problem would be on its way toward a solution.

It has been asserted—and this is the final argument for the immediate reduction of the obligation as at present fixed—that the earning capacity of Germany will be insufficient to meet the debt by taxation. It is idle to urge this. If we look forward over a period of years, the truth of the statement is seriously to be doubted. But if it be true, there is then no reason to doubt that the capacity of France will also be insufficient. This is the rock upon which all schemes for a present redistribution of the debt have been wrecked.

While a great deal of attention has been given by economists to Germany's export capacity, insufficient study seems to have been devoted to Germany's real economic capacity to meet the reparation charges by taxation, and to the situation of France in that respect. If it is to be assumed that a convincing case for drastic reduction of the debt has been made on the export argument, Germany's real capacity is beside the point. If it be assumed that the reduction is to be an arbitrary one and that it is to be effective immediately, the real capacity of France is also irrelevant. For three years these assumptions have monopolized the field. We are getting nowhere. The scope of the economic inquiry needs to be widened. Meanwhile, although the facts surrounding the subjects of debt burden, taxation and earning power are obscure, we must, for a better understanding of the

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reparation problem, interpret them to the best of our ability.

It is not easy to evaluate the real debt burdens faced by France and Germany and the rest of Europe. Information is available regarding the amounts of the obligations themselves in the currencies in which incurred, but other factors make the subject complex. Portions of the debts are external and portions are internal. Some of them are inactive (*e.g.*, the reparation debt and the inter-allied debts except the English debt to the United States). Some should be set off against others, but it is impossible to say what these offsets will be. Unpaid interest is another doubtful item; will it ever be claimed? Then again, in attempting to measure the debt burden we find that part of it has been converted through depreciation of the currency into something else, which, though no less a real burden on those who have been impoverished by inflation, one hesitates to evaluate in a form comparable to the annual charge on a debt. But such an evaluation, theoretical though it may be, has to be at least attempted, for in an examination of the debts the question of inflation obtrudes at every point.

If we make full allowance to Germany for her internal war debts at the gold values which they had when incurred (the value now is practically nil), the German percapita debt, *including the entire reparation debt at its present figure*, is $928. This compares to a French percapita debt of $816. If we add the prospective charges which France faces in order to complete the work of reparation (6.7 billion dollars, of which 4 billion is for the devastated area and 2.7 billion is for pensions) we reach a French percapita figure of $990. Allowing a future German pension cost of 3.7 billion dollars (*i.e.*, at the same rate per casualty as the French) the German percapita debt would reach $988.

The French figure of $816 includes $166 for advances already made for reparation purposes (6.4 billion dollars) of which about 62 per cent was for the devastated areas and the remainder for pensions and separation allowances. If Germany should ultimately reimburse all the reparation advances, the French percapita debt would become $650. But as there is no immediate prospect of this we can scarcely approach the question of the French debt burden from any except the present basis.

The January proposals of the British Government for the reduction of the total reparation debt to 12½ billion dollars (from about 31 billions) would change the present position substan-

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tially. Such a scaling down of Germany's obligation would leave Germany with a percapita burden of $625. France's share (52 per cent) in the reduced claim would just about pay her future reparation costs, leaving her with her present burden of $816, *i.e.*, a burden 30 per cent larger than Germany, or, allowing for future German pension costs, 20 per cent larger.[1]

If the magnitude of this figure is appreciated, the British plan is clearly seen to be inacceptable from the French point of view. The French percapita debt burden is nearly four times that of the United States and over seven times what our percapita debt would be if the Allies should repay the war loans. To meet the debt charges the French have nothing like the income which our people enjoy.

When these debt burdens are compared with the best available figures of average pre-war savings, the indicated margin left for comfort and old age is fearfully small for the Frenchman and would be fearfully small for the German if he were really carrying the load of the reparation debt. The carrying charges on these debts, reduced to a pre-war basis of money values, amount to 70 per cent of the pre-war savings of the French and German taxpayer—savings which, if the estimates are anywhere near the truth, amounted to the miserably small sum of $37 per annum. But pre-war figures of earnings and savings are out of date. Earnings (*i.e.*, real earnings in terms of commodities) have been seriously cut down by the death and disablement of productive workers, the destruction of plant and machinery, the deterioration of soil and transport, the stagnation of trade, the eight-hour day and other causes. The real extent and permanent effect of this impairment can only be conjectured. It is useless to speculate on the question of how heavily it will bear ten years from now on the two nations, positively or relatively. At present the margin over pre-war consumption and pre-war costs of government seems to be non-existent. How are the interest charges and other new costs of government to be met?

How is France going to carry the load? The possibility of getting much out of Germany for the time being does not seem good. France has to choose between inflation of the currency and increased taxation. The easiest way is inflation, and some authorities lightheartedly advise France to choose this method—

[1]The British proposal also provided for a net reduction of the French debt to Great Britain by about 2 billion dollars, or $50 percapita.

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to let the air in gradually. But if inflation is the way to meet the problem, why has England shunned inflation like the plague, and why the consternation about what it is bringing to Germany? Inflation is a levy on capital which pauperizes the middle classes who have invested their savings in government bonds. If France were to carry the load in this way she would merely add the troubles of inflation to her other problems.

Obviously the only sound way of meeting the new burdens is by increased taxation. But if heavy taxation is such a simple alternative, why is it that England finds her own situation so difficult? England appears to be shouldering a smaller percapita than France ($783 at par, or $751 at the exchange rate of December 31, 1922) out of a percapita income which was 24 per cent larger before the war than the French income. The burden of taxation in England on the individual and on industry is such as to make many Englishmen regard the future with acute misgivings. It would surprise some Englishmen to hear that the burden of taxation in France appears to be equally heavy.

In "The Economic Consequences of the Peace," Mr. J. M. Keynes, the leading exponent of debt reduction, said that the failure of the French to lay taxes is notorious. As will be shown further on, the writer has examined this statement in the light of tax and income statistics. Tax collection figures show that the French taxpayer in 1920 paid an amount equal to 11 per cent of his pre-war income, in 1921 16 per cent, and in 1922 18.3 per cent. In 1922 the English taxpayer paid 20 per cent on the basis of pre-war income, and the German 5 per cent. When we consider the impairment of tax capacity in the devastated area, the French 1920 and 1921 figures must be considered remarkable. The General Secretary of the French Ministry of the Devastated Regions, writing in the "Encyclopaedia Britannica" (New Volumes), states that the devastated departments before the war used to account for 18 per cent of the total taxation of France, and that 2,000,000 families in the area had been ruined by the war.

The percapita earning power of the English is diminished by unemployment. The percapita earning power of the French, notwithstanding the partial reconstruction of the devastated area, is also unquestionably far below pre-war figures. It is obviously impossible to say how the 1922 tax figures of England and France actually compare on the basis of present income, but it does not

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seem unlikely that, contrary to a somewhat prevalent popular opinion, the French, and not the English, are the heaviest taxed people in the world today.

In considering the relative debt burden of France and Germany the question arises whether the heavier burden of France might be partially due to less rigorous taxation during the war. The fact is, however, that the costs of the war in Germany as well as in France were financed almost entirely by loans, if we are to believe, on the one hand, a German financial authority, Herr Arthur Feiler, writing in the "Encyclopaedia Britannica" (New Volumes), and, on the other hand, a publication on French public finance issued by the Bankers Trust Company of New York. One reason for this in both countries is to be found in the large proportion of men taken out of productive industry for the armies. France mobilized in all 19 per cent of her population and Germany 15 per cent. France moreover was deprived of all sources of revenue in the invaded departments.

France has carried her war debt and other government costs without depreciation of the currency below the level of 1920. In June, 1922, the French Minister of Finance stated that since 1920 the government had met all its ordinary expenditures by taxation.

In June, 1922, the French budget deficit was equivalent to the interest charges on reparation loans amounting to about 7 billion dollars. These loans represent a tremendous financial effort by the French people out of accumulated savings. But the liquid capital of the country is being exhausted, and the Treasury is facing enormous interest charges. The government has been criticized for not meeting part of this burden directly by taxation. So far as the loans cover current charges (pensions recoverable from Germany), and particularly so far as they may have been used to meet accumulated interest charges, the criticism is a valid one from the point of view of sound fiscal policy, granted we can ignore the question of tax capacity and the difficulties of public opinion. But so far as the costs of reconstruction are concerned, the criticism is without foundation, as reconstruction is too large an operation to be met to any appreciable extent out of income.

Arm-chair critics find it easy to plan French taxes which, having regard to the earning power of the taxpayer and the psychology of the man in the devastated area, no government could succeed in collecting. Mr. Bonar Law recently spoke of the tax burdens shouldered by the English. He said, if the writer

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remembers correctly, that these burdens, unless relieved by the settlement or partial settlement of debts owing to England, would mean a serious impairment of the English scale of living for a generation. France is apparently about to enter the phase of increased taxation. She needs all the support her friends can give her in order to make it a success.

The world has been swept by a catch phrase: "The debt is beyond Germany's capacity to pay." But it is not merely a question of how Germany can pay her debts. It is a question of how the French can pay theirs, even if Germany bears her share. It is a question of how all of Europe can meet its debts, internal as well as external. The ex-belligerents are facing debts amounting to 100,000 million dollars. Only twenty years ago the mind was with difficulty able to comprehend a merger of a thousand millions. The intelligence cannot grasp even the arithmetic of Europe's debts, much less their social significance. It is vain to try to predict how they can be paid or who will pay them. The "final settlements" which are proposed are illusions; only time and the processes of recuperation can solve the problem. The indispensable thing is to give these processes a chance to get going. Schemes for lightening the German load, while the authors are unable to say how France is to work out her end of the problem, result in nothing but the aggravation of Franco-German relations and the progressive destruction of confidence all round.

II. FRENCH AND GERMAN EARNING POWER

No one has attempted any real study of post-war income in France and Germany. Despite the difficulties, a start ought to be made on such an investigation. The present phase will run into decades, and it is vitally necessary that information be gathered on the subject which dominates all others—the ability of the taxpayer to meet the debt charges.

Dr. Helfferich's estimate of German pre-war income and M. Rene Pupin's estimate of French pre-war income must serve as the points of departure for any present discussion of earning power.[2] All one can do is to take account in a general way of the losses which have been suffered since the income estimates were made. In placing the German losses in relation to the French

[2]Figures in this section are taken from estimates of national incomes appearing in a paper by the leading authority on the subject, Sir Josiah Stamp, in *Journal of Royal Statistical Society*, London, July, 1919.

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losses one is open to the charge of laboring the obvious, since no one denies that France suffered much more severely from the war than Germany. But it is only by setting the losses off against one another as definitely as possible, and by bringing them into relation to income, that we may appreciate how useless it is to expect the French to agree to the solutions of the reparation problem which have been proposed.

It is also well to recall at this time the losses in northern France, for, with the rebuilding of the area, there is a certain tendency to regard the wound as almost healed.[3] This is of course far from the truth. It will not be healed in the lifetime of this generation. Reconstruction mitigates the temporary injury which lay in the fact of 3 million people being driven from their homes and deprived of the means of making a livelihood. From the point of view of earning power reconstruction sets France on the road to recovery. But it is only a first step toward the reconstitution of her shattered national economy. The more lasting harm was in the stupendous loss of capital, viewed not as means of production but as accumulated savings. This loss carried with it a social menace. The rebuilding of northern France scarcely touches this problem; it merely converts the menace from a visible form into an invisible form—national debt.

It is also worth while to consider in their proper proportion the losses sustained by Germany, especially in view of the emphasis which has been laid on the damage resulting to Germany from territorial cessions and from inflation.

Germany's chief territorial losses were the restoration of Alsace-Lorraine to France, part of Schleswig to Denmark (after a plebiscite), the cession of part of Upper Silesia to Poland (also after a plebiscite), and the reëstablishment of Poland. Passing over the fact that the cessions were restitution of the spoils of former wars, it may be admitted that the losses are important from the view-point of national pride and as regards the control of raw material for Krupp's in time of war. The German war machine was fed from the iron mines of Lorraine. But if the aims of the German republic are in the direction of peaceful economic development, it is doubtful whether the losses are of the importance that has been attributed to them. The territorial control of raw materials is not essential to the prosperity of a manu-

[3] "France, whining about devastated districts which are easily repaired," J. M. Keynes, *A Revision of the Treaty*, p. 186.

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facturing people, for, despite frontier lines, raw material inevitably seeks the place where skill and capacity for transforming it exist. It is significant that England's greatest industry—cotton spinning and weaving—is founded entirely on imported raw materials.

What were Germany's other capital losses? Her colonies are gone, but they were probably a source of prospective rather than actual income. She ceded 2½ million tons of shipping to replace English ships torpedoed, but on June 30, 1922, her merchant fleet comprised 1,800,000 tons, or 35 per cent of her pre-war strength, and at the end of 1922 she had 416,000 tons under construction. Income-bearing foreign investments of 5 or 6 billion dollars went (as did an equal amount of French investments in Russia), but in October, 1922, Mr. Reginald McKenna estimated that Germany had gotten about a billion dollars of them back and other authorities have placed the amount at double that figure, or still higher.

What has Germany got left? The items are well known, but may be briefly recounted. She has her agriculture, which is an important element of her economic strength. She has all of her Westphalian mineral production and one-third of her pre-war Upper Silesian production. Her greatest productive physical assets are intact—her textile and chemical plants, her foundries, machine shops, instrument factories, and the rest of an enormous manufacturing industry based on metals. And above all she still has that upon which the prosperity of Germany was really based—the genius, skill and unparalleled organization of 60 million highly intelligent and industrious people.

In 1913 Dr. Helfferich, Director of the Deutsche Bank, estimated Germany's annual increment of wealth—that is to say, surplus income or savings—at between $2,000,000,000 and $2,125,000,000 (exclusive of increased money value of existing land and property) or $30 percapita on the basis of pre-war population. This was about 20 per cent of his estimate of Germany's gross income, which came to $149 percapita. To the pre-war surplus is now to be added 400 or 500 million dollars post-war savings on armaments, giving a total of $2,500,000,000, or $37 percapita.

M. Pupin's estimate of French gross income before the war was 7.15 billion dollars, or $185 percapita. Using 20 per cent as the

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rate of savings, for lack of any other estimate, we have an annual surplus of $1,430,000,000, or $37 per capita.[4]

In "The Economic Consequences of the Peace" Mr. J. M. Keynes reduces Helfferich's figure by 1.8 billion dollars on account of dead and wounded (measured by the pension charge), loss of income from foreign investments and general loss due to lack of repairs, depletion of livestock, impoverishment of soil, etc.[5] He has calculated pensions at par of exchange. As the mark was at 50 per cent of par at the end of the war, Mr. Keynes' figure might be questioned, although as a measure of loss of national productivity rather than of the gold value of the pension charge it may be a fair approximation. If we accept Mr. Keynes' total of 1.8 billions as a deduction from savings and also deduct the pre-war savings of the transferred population (say 5 million at $30) we arrive at a present percapita surplus of 8 or 9 pre-war dollars, or 12 or 14 1922 dollars. Whatever the actual figure, it is evident that the figure of French percapita savings has been reduced even lower by these same causes, since France's casualties were 11½ per cent of her population against 9 per cent for Germany.

The chief remaining item of temporary loss resulting to Germany from the war concerns her income from shipping and from her foreign banking connections; this, estimated before the war at $125,000,000, may now, in view of the present strength of her merchant marine, be estimated at $100,000,000. German industry also sustained certain temporary losses through the

[4]Population figures used for all debt, taxation and income calculations are official figures published by the League of Nations in 1920, as follows: *Post-War* (1920 figures)—France, 38,500,000 (including Alsace-Lorraine, 1,800,000); Germany, 60,800,000; United Kingdom, 47,000,000. *Pre-War* (1913)—France, 39,750,000; Germany, 67,500,000 (including a population of about 5,000,000 in Alsace-Lorraine, Schleswig, Upper Silesia, since transferred); United Kingdom, 46,000,000.

Dr. Stamp rates Helfferich's estimate of pre-war income as Grade I, *i.e.*, not likely to be inaccurate to a greater extent than 10 per cent, and Pupin's estimate as Grade II, *i.e.*, not likely to be inaccurate to a greater extent than 20 per cent.

Dr. Stamp's estimate of British 1913–14 income (11.25 billion dollars) works out at $243 percapita (£50 pre-war). Dr. King's estimate of U. S. 1910 income works out at $364 percapita.

[5]

	Millions of Dollars
Loss of human productiveness (pensions, 5 billion marks)	1,250
Income from foreign investments	375
General loss of productiveness	200
	1,825

Mr. Keynes' figure for foreign investments was contained in one of 500 million which included ships. Prof. E. M. Patterson (*Annals of the American Academy of Political and Social Science*, Nov., 1922) estimates pre-war income from shipping at 125 million and income from foreign investments at 375 million. In calculating losses, this figure probably should be considerably reduced on account of new investments.

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readjustments necessitated by the breaking up of German industrial units in the ceded areas.

It is also true that post-war inflation has set in motion disintegrating forces, the effect of which cannot be measured. One such effect is an improverishment resulting from selling goods abroad at less than world prices and less than real replacement value. However, the recent practice of pricing and invoicing in foreign currencies has tended to check this loss, and its extent was probably largely confined to exports to Allied countries in Europe where high differential tariffs against German goods necessitate low pricing to meet competition. German shipments to these countries in 1920 were only 15 per cent of a total export trade of about 750 million dollars. Far offsetting this item was the profit to Germany through depreciation of marks held abroad, which was estimated in July, 1922, by Professor Singer of Hamburg at 3½ billion dollars.

Assuming that the depreciation of the German currency is checked without serious social disturbances, no one would contend that the real damage to German productive capacity wrought by inflation, and eventually by deflation or stabilization, has been or will be at all comparable in intensity or duration to the loss of productivity and income sustained by France in the devastated area. This loss, which began to run in August, 1914, and is only now gradually being made good, cannot be calculated with any precision. The capital losses were about 7½ billion dollars pre-war value; the ten invaded departments had previously contributed 18 per cent of the total taxation of France. According to the French authority already cited, municipal life ceased in 3,256 communes, 4,300,000 acres of agricultural lands were torn up, 3,500 industrial establishments and 220 coal pits were destroyed or badly damaged, 1,350,000 cows, sheep, goats, and draft animals disappeared, 3,500 bridges and many thousands of miles of roads and railroads were wrecked.

If estimates of pre-war income and of losses of income due to the war are entitled to any credence, it will be seen that the French must meet their debt charges by reduced consumption, with nothing over for savings.

Great emphasis has been placed on the permanent damage done to the German economy by the loss of Lorraine and Upper Silesia, with special reference to coal and iron mines, blast furnaces and steel plants situated in these districts. The

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economic results of the cessions may be considered from the point of view of (a) percapita income, (b) German exports and foreign exchange requirements and (c) the effect on German industry as a whole.

Due to the cessions, Mr. J. M. Keynes attributed a loss of surplus income to Germany of 250 million dollars a year. If we take Dr. Helfferich's percapita figure of $30 the total would be more like 150 million dollars. But whatever the figure it is immaterial from the vital standpoint of percapita income of Germany and of France, as the 5 million inhabitants whose labor created this surplus were transferred with the soil. After the cession of Alsace-Lorraine, for example, Germany has a less income to divide among 1,800,000 fewer people, and France has a larger income to divide among 1,800,000 more people. It might perhaps be demonstrated that the earnings in Lorraine were above the average. Such a difference, if it exists, would have little effect on the general average of nations of 60,000,000 and 40,000,000 respectively.

Germany's principal losses in Lorraine were (in terms of annual production) 21 million tons of iron ore (or, including Luxembourg, 28 million tons, *i.e.*, four-sevenths of Germany's total production), 4 million tons of pig iron (or, including Luxembourg and the Saar, 8 million tons, *i.e.*, 40 per cent of Germany's annual capacity), 2.3 million tons of steel ingots (or, including Luxembourg and the Saar, about 5½ million tons, *i.e.*, 30 per cent of Germany's annual capacity), and about 6 million tons of rolling mill capacity (34 per cent of Germany's annual capacity). In Upper Silesia Germany lost 49 million tons annually of coal production (26 per cent of her total production). At pre-war prices the total value of these products is about 575 million dollars.[6]

These statistics give a cumulative impression of losses far exceeding the realities. From the standpoint of German export balances and foreign exchange requirements it is apparent that, roughly speaking, the above losses can be regarded as consisting in fact of about 30 million tons of coal, 8 million tons of ore and 6 million tons of rolled steel. The remaining items, including the rest of the coal and the ore, are contained in the rolled steel as raw

[6]Figures assembled from various sources, including "Encyclopaedia Britannica," *League of Nations Monthly Bulletin of Statistics*, and German, British, French, and other authorities writing in the 7th Reconstruction Number (September, 1922) of the *Manchester Guardian*. Pre-war price of coal taken at $2.80; ore at $1.25; pig iron at $19.00; ingot steel at $20.00; rolled steel at say $23.00.

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materials, and are included in its value. By thus eliminating duplicated items we find the net value of the lost production is about 230 million pre-war dollars. This figure, or some figure roughly comparable with it, represents the impairment of Germany's export surplus on account of coal and iron—an impairment composed partly of increased imports and partly of decreased exports.[7]

It has been said that the cessions have seriously and permanently crippled Germany by destroying the self-contained character of the German steel industry and metal manufactures in respect to their supply of raw materials. The General Secretary of the German Union of Iron and Steel Manufacturers, writing in the *Manchester Guardian*, says: "The Rhineland and Westphalia sent coal and coke to Lorraine, Luxembourg and the Saar district, and the trains which bore these consignments carried iron ore, pig iron, the half-worked product, rolled iron and scrap iron back to the Rhineland and Westphalia."

But here again we have to consider the net and not the gross losses, as the function of the duplicated items in the German economy was merely that of giving employment to the transferred population, for whom Germany no longer has to provide. Moreover, the net loss of 30 million tons of coal has no permanent effect on Germany industry, judged from pre-war standards, as Germany exported 33 million tons before the war.[8] The real loss, therefore, is about 8 million tons of Lorraine ore, required for her blast furnaces, and about 6 million tons of rolled steel (or its equivalent in iron and steel products), *i.e.*, the effective net output of the ceded areas before the war.

So far as concerned ore requirements, Germany was not self-contained before the war. Taking Lorraine, Luxembourg and the Saar into account she consumed 46 million tons of ore, of which about 11 million were imported, 7 million produced in

[7]It is not intended to suggest that Upper Silesian coal was used in the production of Lorraine pig iron, but in considering the German export position as a whole the effect is the same, subject to differences in price between Upper Silesian and Westphalian coal.

[8]For the next six years, however, Germany will presumably have to import coal to replace deliveries of Westphalian coal and coke which she is required by the Treaty to make on reparation account.

Over half the Upper Silesian coal was consumed on the spot. Poland appears to be in no position, either legally or practically, to prevent the remainder going to Germany as required. Legally, its exportation to Germany is to be permitted for fifteen years under the terms of the plebiscite award. Practically, Poland cannot take the coal, on account of transport difficulties (see article by Judge Von Stoephasius, of Upper Silesia, in *Manchester Guardian*, 7th Reconstruction No.).

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Germany proper (*i.e.*, post-war Germany), and 28 million produced in Lorraine and Luxembourg. Together with the imports and the home production, the Lorraine surplus production of about 8 million tons kept the blast furnaces of Germany proper busy to their capacity of 26 million tons.

As the Lorraine iron industry is itself not self-contained, but depends on Westphalia for its coke, it does not appear that under the régime established by the treaty Westphalia need fear for its ore supply, nor that the German engineering and metal manufacturing industries need to anticipate difficulties respecting their requirements of Lorraine pig iron and steel. Such difficulties can be anticipated only on the supposition that the French will develop a gigantic manufacturing industry based on iron and steel, to rival German manufactures. This implies that the genius of the French race is industrial. This is a large assumption, which may, however, be admitted for the sake of argument. But there are other obstacles to such a development. A great industry of this kind cannot be established in a moment, or in years, either from the standpoint of building plants, of creating organizations or of training skilled labor; meanwhile Germany will be getting back her markets. And are the French going to stake millions in founding a finished industry to work up the Lorraine iron and steel surplus heretofore available to Germany, in face of the fact that the latter will control the coke on which the Lorraine blast furnaces depand?

Germany remains the natural market for much of the Lorraine product and she is bound to share in any prosperity which comes to France by the development of the Lorraine steel industry. It does not require rumors of Franco-German steel mergers to suggest that the natural interdependence of Lorraine and Westphalia may some day solve the reparation problem and end a quarrel of centuries.

III. DEBTS AND TAXES

The percapita debt burden of Germany has been mentioned as being $928 and that of France $816 (or $990 if we include expected costs of completing reparation). The carrying charges on debts of this size, at 4 per cent, are nearly $40, which is equivalent to $26 pre-war value or 70 per cent of pre-war savings. The method of arriving at the above figures is shown in Table A on the insert opposite page 78. It will be seen that burdens are

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regarded as still existing for internal debts which in Germany have been almost completely extinguished, and in France partially extinguished, by depreciation of the currency.

The alternative is to calculate the value at current rates of exchange. The results by this method (see Table B on insert) are: Germany $510, or $570 if we make an allowance for future German pension costs, as previously mentioned; France $652, or $825 if future costs of reparation are included. Reduction of the reparation debt to 12½ billions, as was suggested in January, would reduce the German burden to $206 percapita (or $266 including German pensions).

There is something to be said for each method of calculation, but whichever is adopted ought to be taken uniformly as a basis for all debt comparisons. Among persons who are disposed to be critical of the French, there is a tendency to adopt one line of argument when comparing the French and German situation and the other line when comparing the French and English situation. The significance of this appears in the fact that if we leave to one side the future costs of reparation the French debt calculated on the one basis is higher and on the other basis lower than the English debt of $751 percapita.

It is frequently said that France is unreasonable in not agreeing to make sacrifices of her claims against Germany similar to those which England is prepared to make. The relative size of the debts of France and England at current rates of exchange and the supposed relative scale of taxation in those two countries are cited in support of this criticism. As will be shown, the taxation argument does not seem to be borne out by facts; as for the debt argument, it is inescapable that if France is regarded, at current rates of exchange, as carrying a lower debt than the English, she must be regarded, by the same reasoning, as carrying a much higher debt than Germany. On this basis, therefore, the primary reason urged for debt reduction, namely that Germany is carrying a heavier load than either France or England, falls to the ground.

It seems fair, however, that we should take account of the burdens which inflation has imposed upon certain classes of the German people and calculate the internal debts at the gold value at which incurred, where this value has since been reduced.[9]

[9]In Germany part of this burden is indirect, as a considerable portion of the debt is not held by the public, but by the Reichsbank. Since currency notes are issued against it, however, the effect on the public is the same.

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These calculations are shown in Table A. The rates used are calculated from price index numbers in order to represent the real internal value, since the rates of exchange during the war, especially in the case of France, were artificially high. The debt incurred in France since 1917 is calculated at present rates of exchange (December 31, 1922), as the internal purchasing value of French currency is now higher than when these debts were incurred, and the present rate represents the nearest approach to a correct estimate of the burden on the basis of redemption value.[10]

An examination of official figures seems to show that a misapprehension exists as to the scale of taxation in France. Even such a friendly critic as the London *Times* says in its issue of January 4, 1923: "The point is imperfectly understood in France that this country has a balanced budget simply because she has borne a burden of taxation much greater than that of France."

Figures appearing in the French *Journal Officiel* show that in 1922 France collected by taxation about 21.2 billion francs, or 550 francs percapita. There being no reliable figures of present per-capita income we are obliged to transform this sum to a 1913 basis, in order to get an idea of the burden on income. Using the average of the 1922 wholesale and retail price index numbers (312 on a pre-war base of 100) we find that 550 1922 francs had a purchasing power equivalent to 176 pre-war francs, *i.e.*, 18.3 per cent of the average pre-war income (960 francs—$185—Pupin's estimate).

Official figures published in the London *Economist* show that in 1922 Great Britain collected in taxes about £793,000,000 or £17 percapita. Using the 1922 average wholesale and retail index number (170) we find that £17 had a pre-war purchasing power of £10, *i.e.*, 20 per cent of the average pre-war income (£50 equals $243, Stamp's estimate).

Tax figures appearing in the official German *Reichanzeiger* (except for the item of bank taxes, which has been estimated at a billion marks) show that German tax collections in 1922 amounted to 457 billion marks, or 7,500 per head, which at the 1922 price

[10]Debt figures used in the tables have been assembled from information appearing in "French Public Finance," published by the Bankers Trust Company, New York (1922) and from the Report on the 1923 Budget Bill, French Chamber of Deputies (1922). As the German fiscal year ends March 31, three-quarters of the annual debt reported as incurred at the end of the fiscal year has been carried back one year and the index number of such previous year used. During the war only wholesale index numbers were available. An example of the method of calculating the rates of exchange on a price index basis is as follows: The French 1916 index number was 188. This divided into .193 (par of exchange) gives .103, the rate used.

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index of 24,606 is 30 pre-war marks, *i.e.*, 5 per cent of pre-war income (625 marks equals $149, Helfferich's estimate). Taxes in Germany are not adjusted upward rapidly enough to keep pace with depreciation of the currency. The difficulties in the way are obvious, but the fact remains that the profits of industry, accumulating under the stimulus of inflation, have not been taxed.[11]

While the subject of determining the real tax burden on income today is a difficult one, the facts seem to show that the French are carrying an extremely heavy load, *even on a pre-war basis of earning power.*

The comparative figures of French and English taxation, *viz.*, 18.3 per cent and 20 per cent, respectively, are very striking. In common with many people the writer had supposed English taxation to be far and away the heaviest in the world. It is true that income figures have to be taken with reserve, as the subject is an extremely difficult one, but the estimates of pre-war income used are generally accepted as the best in existence. How, then, is this apparent popular misconception to be accounted for?

One explanation is that the yield on French taxes has been in-

[11]Tax figures given include national but not local taxes. The figures are tax collections, not assessments.

For the year 1920 the gross government revenue of Germany, as estimated by the League of Nations, was 687 marks per head, which at an average price index of 1,150 was 60 pre-war marks, or 9½ of pre-war income. What portion of this represented taxation was not stated. In 1921 German tax collections were about 76.8 billion marks, or 1,263 per head. At a price index of 1,480 this is equivalent to 85 pre-war marks, or 13.6 per cent on income.

French taxation in 1920, as estimated by the League of Nations, was 475 francs per head. At an index number of 438 this was equivalent to 108 pre-war francs, or 11 per cent of income. In 1921 French tax collections of 19.6 billion francs came to 509 francs per head. At an index number of 327 this was 156 pre-war francs, or 16 per cent of pre-war income. This remarkable showing for 1920 and 1921, considering the impairment of tax capacity in the devastated departments in 1919–20, has already been commented on.

National taxation in the United States in 1920, as estimated by the League of Nations, was $54 per head, or on a pre-war basis of values about $25, *i.e.*, 7 per cent of estimated income of $364. It should be noted that the proportion of local to total taxation in the United States is higher than in Europe. A recent estimate in the *Budget* (New York) places the total cost of government in the United States in 1921 at 8½ billion dollars, of which 4 billion was cost of state, municipal and county governments. This is $77 per head, or $47 on a pre-war basis. This is a burden of 13 per cent on income.

The burden of income might be expressed the other way round, *viz.*, the French 1922 income, before allowing for impairments due to the war, could be calculated at 960 francs (pre-war estimate) times 3.12 (1922 index) equals 2,995 francs, of which 550 francs paid in taxes is 18.3 per cent.

1922 price index numbers from League of Nations *Monthly Bulletin of Statistics*, January, 1923:

	Wholesale Prices	*Retail (Cost of Living)*	*Average*
France	327	296	312
Great Britain	159	181	170
Germany	34,184	15,027	24,606

Pre-war francs at $0.193; pre-war sterling $4.8665; pre-war marks $0.238.

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creasing with the reestablishment of industry in the devastated area. Another is that the English raise half of their revenue by income tax—the most easily recognizable form of tax burden—while the French raise ony 40 per cent in this manner. Then, again, the English burden is more readily comprehended, for practically all the income tax is assessed under a single legislative act, while in France it is assessed under several acts. The English income tax law a year ago provided for a standard tax of 6 shillings in the pound, *i.e.*, 30 per cent of income, and now provides for 5 shillings, *i.e.*, 25 per cent of income. The implication of this in the popular mind is that English taxation, when one also takes into account indirect taxes, is much greater than 20 per cent. This assumption of course is not correct, as the average income tax rate is substantially pulled down by the reduced rates for incomes under £225 and by the exemptions of incomes under £150.

The heavy direct tax and the simplicity and universality of the standard rate make the English taxpayer keenly aware of what he is paying. He has something definite to go on, and he makes himself heard in the newspapers and at public meetings. The French taxpayer does not have this advantage and in any case he pays less in direct taxes. As for indirect taxes, like everyone else he can only know what they amount to by considering total national taxation in its relation to national income. This is too much for the average citizen, and he suffers in silence. But the burden on income is there all the same.

IV. THE REPARATION CLAIM

Certain facts relating to the reparation debt deserve more attention than they have received, and certain misapprehensions regarding the French claim require to be set right.

The general reparation debt as assessed against Germany by the Reparation Commission in May, 1921, is 132 billion gold marks (31.4 billion dollars), less the values of state properties in ceded territories. The debt is fixed as a lump sum and no details have been given out by the Reparation Commission showing what the various national claims were put in at or how it is divided between material damage and pensions. Information as to the amounts of these claims, however, is available.

The debt comprises the total liability against all the ex-enemy powers for which, as a joint and several debt, Germany remains

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liable. As such it will presumably be subject to considerable deductions on account of cessions of state properties by Germany, Austria and Hungary, the final valuation of which has not yet been made. At a guess the writer places these deductions at 2 billion dollars, leaving the net general debt at 29.4 billion dollars. Besides this, Germany is required under the heading of reparation to make good Belgium's war borrowings from the United States, Great Britain and France, estimated at 1½ billion dollars. The total obligation may therefore be taken as being about 31 billion dollars.

The mode of meeting the interest and amortization charges on the debt is governed by a "Schedule of Payments" prescribed by the Reparation Commission, which provides for annual payments of 500 million dollars plus an amount equal to 26 per cent of Germany's exports. Germany's capacity to pay is conceived to be her foreign exchange capacity or export surplus. On the other hand, the treaty contemplates that taxation in Germany shall be as heavy as in any of the principal Allied countries, and that this shall be taken into account in periodically estimating Germany's capacity to pay. Here the term capacity carries the meaning of taxable capacity or economic surplus.

The shares of the various Allies in the general claim of 29.4 billions were fixed by interallied agreement in 1920 (prior, it might be remarked, to the determination of the debt). Subject to certain provisions about Austria and Hungary, the shares are as follows:

	Per Cent	*Millions of Dollars*
France	52	15,300
British Empire	22	6,470
Italy	10	2,940
Belgium	8	2,360
Japan	0.75	220
Portugal	0.75	220
Serbia	5	1,470
Others	1.5	440
	100 Per Cent	29,420 Million Dollars

According to a statement published by the Reparation Commission, total payments and cessions by Germany to December 31, 1922, amounted to 1,985 million dollars (the dollar being taken at 4 gold marks). Details of this statement, covering cash items, deliveries in kind, the value of state properties in ceded

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territories, and miscellaneous receipts, will be found in Table D on the insert opposite page 78.

The burden on the mark exchange caused by the reparation payments consisted of external payments of 240 million dollars a year, in cash and in kind, for reparations to Belgium and for occupation costs. Besides this Germany delivered a total of 384 million dollars worth of ships and rolling stock. Her total external effort was, therefore, about 336 millions a year, which is interest at 4 per cent on 8½ billion dollars. The rest of the 31 billion dollar reparation debt was inoperative.[12]

The total economic effort of Germany under the Peace Treaty is somewhat more. External settlements were made for pre-war debts estimated at 150 million dollars, identifiable objects carried off by the German armies were restored to their owners, and paper marks to the value of 150 million dollars and services in kind were furnished to the Armies of Occupation. The estimated value of the state properties in territories ceded by Germany is 640 million dollars.

The distribution of the assets delivered on reparation account is given on Table E on insert. This table shows 98 million dollars received by France on reparation account.

Table F shows that what France has spent for reparations and what she expects to be obliged to spend, according to the French Government's budget report, August, 1922, amounts to 13 billion dollars (francs converted to dollars at .0734, rate of December 31, 1922). In comparing this figure of 13 billion dollars with the French share of 15.3 billion dollars in the total claim, the approximate character of both figures has to be borne in mind.

The original claim submitted by the French Government to the Reparation Commission in February, 1921, embraced: (a) a valuation of property damage, founded, among other things, on a survey of real property in every city and commune of France made for tax purposes in 1910 on the basis of actual sale values; and (b) a detailed estimate of pensions, separation allowances and other injuries to persons, capitalized at 5 per cent.

As the French pension law was passed in 1919, the claim for injuries to persons was made in paper francs. The capital sum claimed was 78 billion paper francs. On May 20, 1921, M. Loucheur, the Minister of the Liberated Regions, stated in the

[12]The figure of 8½ billion dollars calculated on a 4 per cent basis is for illustration only. The debt is supposed to carry 5 per cent interest and 1 per cent for amortization.

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French Chamber that the latter sum had been converted to gold marks by the Reparation Commission at the rate of 2.20, which gives a figure of about 35½ billion gold marks, or 8½ billion dollars.

The property damage was evaluated at about 39 billion pre-war (gold) francs (*i.e.*, 35 billion plus interest) in the following manner:

	Millions of Gold Francs	*Millions of Gold Marks*	*Millions of Pre-War Dollars*
		(These columns added by writer)	
Damage in Devastated Area . .	30,600	24,815	5,906
Shipping Losses, Damages Abroad, etc.	4,061	3,293	784
Total Without Interest . . .	34,661	28,108	6,690
Interest at 5 per cent, Nov. 11, 1918, to 1 May, 1921	4,125	3,345	796
Total With Interest	38,786	31,453	7,486

Of the damage in the devastated area, about 26 per cent was damage to industry, 24 per cent to houses, farm buildings and public buildings, 17 per cent to furniture and fittings, 29 per cent to unbuilt-on property and 4 per cent to state property and public works.

Estimated costs of reconstruction of the devastated area were placed at 127 billion paper francs on the basis of actual 1920 prices, *i.e.*, at an average rate of 4 paper francs on the total claim of about 31 billion gold francs, which was close to the current price index numbers.[13] But the claim itself was, in fact, stated in pre-war (gold) francs.

On February 22, 1921, the Reparation Commission published a summary of the various claims received, giving the French claim in the form most easily intelligible to the public, *i.e.*, in reconstruction costs expressed in paper francs. Among the items was 127 billion paper francs for the devastated area.

This item provoked a sweeping and wholly unfounded denunciation of the French claim by Mr. J. M. Keynes. Taking the figure of 127 billion paper francs, Mr. Keynes estimated that it represented a gold claim by the French Government of 58 billion gold marks, whereas if he had investigated the matter he would have found that he was overstating the claim as actually

[13]Retail, quarter ending December, 1920, 450; quarter ending March, 1921, 338. Wholesale, January, 1921, 407.

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made 2⅓ times, the real figure being 24.8 billion gold marks.[14]

[14]Mr. Keynes' statements appeared in "A Revision of the Treaty" (1922). He expressed himself in the following terms:

"When we look at northern France we see what honest Frenchmen can accomplish. But when we turn to the money claims based on this, we are back in the atmosphere of Parisian finance—so grasping, faithless and extravagantly unveracious as to defeat in the end its own objects . . . (Here followed six pages of criticisms based on the figure of 58 billions) . . . These arguments are not exact, but they are sufficiently so to demonstrate that the claim sent in to the Reparation Commission is untenable. I believe that it is at least four times the truth. But it is possible that I have overlooked some items of claim, and it is better in discussions of this kind to leave a wide margin for possible error. I assert, therefore, that on the average the claim is not less than two or three times the truth."

These are plain words. The writer must admit that when he read them he understood them to mean that the French nation had attempted to perpetrate a gigantic fraud; and this charge seemed to be supported by the details given. Upon re-reading the chapter, however, he found the following reservation in a footnote three pages before the remark about the honest Frenchmen: "M. Loucheur's statement to the French Chamber implied that this rate of conversion (2.20) was applicable to material damage as well as to pensions, and I have assumed this in what follows, but precise official information is lacking."

Turning to the *Journal Officiel* and The *Temps* in which M. Loucheur's speech was reported verbatim, the writer finds nothing to lend color to this assumption of Mr. Keynes. The *Temps* of May 22, 1921, reports that M. Loucheur, in the course of a reply to criticisms regarding the London ultimatum notifying the debt to Germany, made the following remarks pertinent to the question of exchange: "In connection with the pension problem, the Reparation Commission . . . decided that the gold mark which at present is worth 3 francs 75 centimes paper, would be calculated at an average rate of 2 francs 20 centimes paper. Convinced of the necessity of fixing an average rate, it made a considerable reduction from the current rate of exchange. The rate of 2.20 was a disillusionment to me; I had thought that the gold mark should be calculated at 1.50 or 1.75. For reparations in kind the Commission took the coefficient for the depreciation of gold and applied it to the 1914 value of real estate. . . . If an exchange rate of 2.20 is taken for pensions and the 1914 value is taken for reparations the difference between the figure fixed by the agreement of Paris and that of London is by no means so large as has been alleged."

It is clear from this that the rate of 2.20 was applicable to pensions alone and that reparation for property damage was calculated at pre-war value. Moreover, in the same debate it was stated by M. Forgeot, Deputy from the Marne, that the total property damage had been estimated at 35 billion pre-war francs, and in the leading article of the same issue of the *Temps* the editor stated that he had under his eyes a table showing the exact figure of 34,661 million gold francs. Furthermore, in the Chamber of Deputies Document No. 2312 of March 11, 1921, M. de Lasteyrie showed the amounts actually claimed in gold under the various categories and gave a résumé of the methods of valuation employed. And finally, in the appendix of Mr. Keynes' book itself, appears a copy of the Reparation Commission communiqué, in which it is stated that the interest charge on the property losses was calculated on a round sum of 33 billion francs.

In view of his erroneous premise, Mr. Keynes' detailed criticisms of the French figures do not require answer. Attention might be drawn, however, to one point in connection with house damages, to which he devoted considerable space. In calculating the amount claimed per house destroyed, Mr. Keynes divided the total amount claimed for residences, farm buildings and public buildings by the number of residences alone, swelling the resulting figure per house by 40 per cent *from this cause alone.* Mr. Keynes stated that "the French Government's claim for damage to houses was . . . an average claim of $9,100 per house." The real figure was $2,300. The claim for houses was one of the principal items making up what Mr. Keynes referred to as "a vast, indeed a fantastic, exaggeration beyond anything which it would be possible to justify under cross-examination."

This seems to dispose of Mr. Keynes' remarks on the question of the general magnitude of the French claim. He asserts that "the claim is not less than two or three times the truth." As a matter of fact he has represented it as 2⅓ times larger than it is. What, then, is Mr. Keynes' quarrel with the claim?

There is another aspect of the matter, however, that comes to mind in reading Mr. Keynes' strictures on the French. This is the implication that the claim must have been prepared in such an obscure fashion as to make any doubtful points of valuation included in it an attempt at fraud rather than an open presentation of a technical question for settlement. The French claim was a printed report of 1,100 pages. The claim is not a public document, but it is not impossible for serious students of the reparation question to obtain access to it. Those who study it will be satisfied that the claim is a complete exposition of a remarkably thorough and scientific work of valuation.

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It can be seen that by operation of the French percentage the French share in the total German debt, *i.e.*, a share of 15.3 billion dollars, is substantially composed of the original claim of 7½ billion dollars for property damage and interest, without any allowance for the post-war depreciation of gold, and of 8½ billion dollars for pensions, calculating the latter from paper francs at the rate of 2.20 paper francs to the gold mark.

V. A CONCRETE SUGGESTION

For three years the reëstablishment of industry and trade has been held up awaiting agreement on schemes for the immediate and mathematical solution of a social and political problem which it will take a quarter of a century to solve. In terms of mathematics the problem starts with three unknown quantities: the economic surplus of France, which seems to be a minus quantity; the economic surplus of Germany, which seems to be close to zero; and a burden of debt which is so large as to be incomprehensible. Every argument has started and ended in a vicious circle, which can only be broken by recognizing that treaties are treaties and debts are debts until abrogated by common consent. There is no other fixed point. Let us see whether, starting from that firm ground, France will not feel sufficient assurance regarding the future to be able to make concessions regarding the present. Let us see whether Germany, given relief for the present, will not be able to face the future from a healthier point of view in the knowledge that restitution must be made.

The history of the past three years may be searched in vain for anything calculated to convince Germany that she must make restitution. One may reasonably think that the occupation of the Ruhr is intended to supply this vital need and that it does not mean that France sets any great store by it as a means of obtaining large immediate cash benefits. If this is the case a firm pronouncement by the Allies in support of the Treaty of Versailles would remove the principal *raison d'etre* of the occupation. It is said that France does not really want reparations, that she is bent on the military and the industrial domination of the Continent. Is it not more likely that France needs and wants reparation, but that she is not at all sure whether the rest of the world means to see that she gets reparations?

France is now wrestling single-handed with the problem. It is difficult to believe that she would not welcome a chance of

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approaching it in more peaceful fashion, in cordial agreement with her Allies. Obviously she must have guarantees, which must include the pledging of tangible assets by Germany. But a more important guarantee would be one which can be supplied only by the Allies—a guarantee which can be made effective by a mere statement of policy, provided that it is an unmistakable one. The threat of force must lie behind it, as it lies behind all the institutions of society. But the threat need not be an active one, and force need never be invoked if the United States and England make it clearer to Germany that reparation must be made. If the German people, and through them the industrialists, cannot be reached by a policy combined of firmness and conciliation, the outlook for Europe is black.

As an American, the writer could wish that the United States might take the lead in such a policy. But until England and France are united the possibility of effective action by America seems remote. The United States is not likely to be called in as an arbiter, and if she were it would be a painful if not impossible business for a nation of 110 million people, 3,000 to 6,000 miles distant, to make up its collective mind in a hurry as to the merits of a controversy between France and England. The United States is too good a friend of both. For this reason, the writer believes that the solution lies with England; and if it can be done without impertinence to the British people, for whom he has a profound respect, he would like to suggest that a British program along the following lines ought to command the support of France, of the American people and even of the Germans:

1. The Allies to make it plain to Germany that the debt as at present established must stand, subject to a re-examination of the question in ten years' time.
2. Germany to be called upon to cease printing paper money and to balance her budget by taxation within a year; also to submit to measures of financial control.
3. Subject to satisfactory guarantees, including the pledging of assets, the Ruhr to be gradually evacuated and Germany to be granted a moratorium for two years, except for deliveries of certain essential commodities and an initial cash payment of 250 million dollars from present foreign balances.
4. An investigation to be started by the League of Nations into the budgets and fiscal and tax systems of Germany, of the powers claiming reparation and of such other ex-belligerents as may desire it. The investigation also to include an examination into

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Germany's foreign exchange operations. A first report to be rendered prior to the expiration of the moratorium. A second report on the same subjects, plus a study of economic resources and national income to be made four years later, and a final report four years after that. The complete text of all reports to be given immediate publicity in English, French, German, and Italian.

5. The first report of the League to be examined by a sub-committee of bankers, including American and German members. The committee to submit recommendations to the Reparation Commission as to the fixation of Germany's payments for a period of four years after the moratorium. These recommendations to include proposals on the subject of payments by delivery of German industrial securities.
6. Payments for a further period of four years to be fixed after a similar examination of the second report of the League of Nations. A world conference, if necessary, to be summoned at the expiration of ten years to consider the final report of the League.
7. The principle to be accepted that, if proper guarantees can be obtained, German products, instead of being delivered directly on reparation account, shall be allowed to follow their natural export channels and create foreign balances in a normal way.
8. The principle to be accepted that payments may, if necessary, be extended over a longer period of years than now contemplated.
9. The principle to be accepted that advantageous discounting provisions will be offered to Germany as an incentive to discharge portions of her capital obligation through the raising of loans.
10. The governments concerned to agree to introduce measures looking to the repeal of differential tariffs which have been erected against German goods.

The League of Nations is the only proper instrument at hand for conducting the investigation. It would be a mistake if the inquiry were so conceived as merely to prolong and intensify the controversy of the past three years. Its purposes should be to give confidence to the French and German people, to give some understanding of the situation to the American people and, finally, to bring out some real facts on the most difficult problem with which man has ever been faced. No hectic conference, summoned without adequate preparation and dished up on the world's breakfast table every day for a month or two, would serve any of these purposes. Europe has suffered a plague of such conferences already.

The common people of France and Germany should not be led

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to believe that any magic formula can be devised which will solve the reparation problem. They should be given confidence that their interests are in proper hands and then discouraged from thinking about the investigation and encouraged to get back to the healing pursuits of peace. No financial report will ever solve the problem of the debts of Europe, though it will help. While it is in the making, Europe, through facing its obligations and thinking of its daily work will, let us hope, get onto the only real road to recovery.

So far as the United States is concerned, the investigation must be made to serve the purpose of creating a proper understanding of what America might do to help a Europe which will be helping itself. Facts are needed. The United States has had its fill of abstract argument and abuse of France. The campaign in the *Manchester Guardian* for the "moral isolation" of our late Ally accomplishes nothing. American sympathy with France is not so easily to be alienated. Moreover, the raising of a moral issue by the Manchester free traders may be viewed with reserve. Manchester was the headquarters of a violent agitation of a similar sort during our Civil War. At that time the issue was the moral obliquity of the North in interfering with the raw material supply of the Lancashire cotton mills.

The British attitude towards the proposed plan might be expected to depend on the judgment formed as to its possibilities for stabilizing conditions on the Continent and for bringing the United States into the settlement. In the minds of many Englishmen, however, there is another vitally important consideration. It is maintained by the economists of Manchester and Cambridge University that if the German export industry is stimulated for the purpose of paying reparations, German competition on the world market will be a menace to English trade and industry.[15] The serious depression in England has made it

[15] "If the volume of such exports to overseas or European destinations is very largely increased the effect on British export trade must be correspondingly serious."—J. M. Keynes, "The Economic Consequences of the Peace." p. 178. "Germany's exports are so preponderantly competitive with ours that if her exports are forcibly stimulated it is certain that she will have to sell goods against us. . . . To compel Germany to pay a large indemnity is the same thing as to compel her to expand . . . (her) exports to a greater extent than she would do otherwise. The only way in which she can effect this expansion is by offering the goods at a lower price than that at which other countries care to offer them. . . . The remedy lies . . . in reducing the aggregate amount (of reparations) to a reasonable figure. . . . We can secure from her moderate payments . . . without stimulating her exports as a whole to a greater activity than they would enjoy otherwise. This is the correct course for Great Britain from the standpoint of her own self-interest only."—J. M. Keynes, "A Revision of the Treaty," pp. 155 to 158.

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inevitable that reasoning of this kind would obtain a wide hearing, although voices have not been lacking to suggest that what British industry needs is peace—*peace now*—that future competition with Germany will take care of itself, that British goods will always sell on their quality and on the reputation of British manufacturers and merchants for square dealing.

It is evident that if the foregoing competition argument of what might be called "the Manchester school" were accepted by the British people and carried to its logical conclusion, substantial restitution by Germany would be barred out, unless France were able to collect the claim by herself.

The influence of writers on economic subjects in England is known to be enormous. In all fairness, then, let us ask whether there is not here a legitimate reason for grave disquietude in the minds of the French as to the meaning of the reparation deadlock of the past three years. Back of the argument that Germany can never pay, back of the argument for reduction of the debt as a practical means of getting reparations, is there something that may have driven the French into the Ruhr—that something being the English domestic bogie of a strong commercial Germany? If that bogie is as real to the English people as it is to the economists, the solidarity of the Entente Cordiale is seriously threatened. Why has the question of security, despite a decisive victory, recently attained such importance in the minds of the French? Perhaps they argue that future military support, if necessary to their national existence, would not be easier to obtain than the moral support which they have looked for in collecting thir reparation claim, and which they do not feel they have had. When the British Government in January formally adopted their debt reduction thesis, the *Temps* gave expression to French opinion in these words: "The whole equilibrium of Europe is at stake. The Allied peoples on the Continent can no longer count on anything but their own strength and their own policy to safeguard their prosperity, their security and their independence. Let them see to the future."

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THE EAST AFTER LAUSANNE

By Arnold J. Toynbee

MORE than eight months after the opening of the conference, and more than nine months after the signature of the armistice of Mudania, a peace treaty has at last been signed at Lausanne. The armistice was the more important of the two events as regards the avoidance of war; and, once this step had been achieved, there was never any real danger that a break-down in the diplomatic negotiations would lead to a renewal of hostilities, though for this very reason it was impossible to predict when the negotiations would be brought to an end.

Now that the diplomatists have concluded their labors, have they presented us with a good peace or a bad one? That depends on the meaning of the word "good" in this connection. To the casual reader, no doubt, a peace treaty, like a novel or a play, is satisfactory in so far as it is coherent, consistent and clear; but these qualities generally depend on unity of authorship, while a good peace treaty, unlike most good works of literature, must necessarily be a product of collaboration. Conspicuous clarity in a peace treaty is apt, indeed, to be a danger-signal that one of the two parties has had things too much his own way. The Treaty of Sèvres, for example, which can lay far more claim than its successor to literary virtue, has been a disastrous diplomatic failure because it altogether ignored the point of view of one of the prospective signatories; and when the full text of the Treaty of Lausanne is published it will therefore be short-sighted to depreciate it because it is full of patches and tatters. These aesthetic blemishes testify to long and ultimately successful endeavors to work two designs into one, and the goodness of the workmanship is to be tested not by its sightliness but by its durability. In regard to the latter, it would be rash to prophesy; but at least the Lausanne conference has been the first genuine attempt to find a settlement between vanquished and victors in the European War which shall be intolerable to neither of the two sides.

It is noteworthy that the political and territorial issues between the two latest local belligerents, Greece and Turkey, were settled with less difficulty and delay than the economic and financial issues between Turkey and the western powers, and the final controversy over the currency in which debt-coupons should be

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paid, and over the validity of concessions, seemed to indicate where the fundamental cause of Near Eastern disturbance lay. But the principal Allied powers, after giving away the interests of Greece and Armenia, followed the path of wisdom to the end by abandoning their own. It was the path of wisdom, because it was evident that none of these interests could be promoted but that all of them would be further damaged by the resumption of war. The right aim, as the negotiators on the Allied side realized thus late in the day, was not to impose this or that condition upon an ex-enemy, but to bring him into a frame of mind in which he would forget the passions of the immediate past and concentrate his energies upon productive (and by implication, cooperative) work for the future. The Treaty of Lausanne will be judged in history by its effect upon the internal development and the mutual relations of the nations between whom it has been made.

As between Greece and Turkey a reconciliation can only be a matter of time, for the advantages of it are becoming clearer and the obstacles to it are falling away. The century-old conflict of territorial ambitions will not be a living issue in the immediate future. Greece's prospect of acquiring anything east of the Maritza or on the mainland of Anatolia has dwindled into the remote distance, if it has not altogether disappeared; while Turkey has ceased to aim at anything in Europe beyond a zone sufficiently deep to cover the straits of Constantinople. The interchange of populations, in regard to which Greece and Turkey succeeded in negotiating a separate convention during the first session at Lausanne, will very much ease the relationship between the two countries, both as a pledge of good faith and as an elimination of occasions for friction; and if the two governments have reached agreement on this particularly sore point, at a time when the bitterness between the peoples has been at its maximum, direct arrangements concerning other matters of common concern are likely to follow as time passes and feelings die down. However long it may take for Greeks and Turks to feel mutual good-will, expediency should teach them quickly to present a solid front to outsiders, when once they have grasped that their dissensions are so many opportunities for the exploitation of both by foreign powers; and though the powers may tend, as in the present case, to keep Turkey and Greece at variance, there are new factors in the post-war world which may enable small countries to dispense with the dangerous patronage of their larger neighbors.

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An event of importance in this connection is the decision of the Council of the League of Nations to promote the raising of an international loan in order to replant within the new Greek frontiers the three-quarters of a million of Greek refugees from Eastern Thrace and Anatolia. The chief credit for this is due to Dr. Nansen, but the final impulsion appears to have been given by the American relief organizations who have hitherto shouldered the main burden of keeping the refugees alive, and who are reported to have threatened to withdraw unless some constructive scheme were initiated. As far as material securities are concerned, this loan ought to be a better investment than that which has been floated with such remarkable success for Austria; for while Austria is a country whose former sources of wealth have been shorn away, the Greek refugees are to be settled on territories with great undeveloped potentialities, which their numbers, skill, and industry may be expected to turn to good account if only the capital to set them up is forthcoming. The success of the loan ought to make the fortune of Greek Macedonia; and, by filling the province with a homogeneous population in place of the mixture of Turks, Greeks and Bulgars which has inhabited it hitherto, it ought also to increase the stability of present political frontiers in this quarter. But peace is of course the essential security, without which the material potentialities are nothing, for if these territories again become a war-zone the refugees will perish and philanthropic investors will lose their money. Thus the fundamental and identical interest of all the Near Eastern peoples lies in peace, in aloofness from the intrigues and ambitions of the great powers, and in the moral and economic support of some international organization like the League of Nations, within the framework of which the many small powers, if they can coöperate, will soon learn how to hold their own against the few great powers. Will the small powers of the east seek this ultimate interest in the near future and ensue it? We may possibly approach nearer towards an answer after we have glanced briefly at the present position of Greece and Turkey.

The end of an epoch is nowhere more conspicuous than in Greece. For the past century, or in other words ever since she became an independent state, Greece has been living more outside than inside her frontiers—partly in expectation of the "unredeemed" territories which she hoped eventually to include in her national domain (the supreme goal being Constantinople),

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and partly on the earnings of her emigrants throughout the world, from the Egyptian Sudan to Russia and from Bengal to Chicago. During the last few years before the European War the remittances from the Greek colony in the United States had reached such a figure that they had notably raised the cost and standard of material living in the mother country, but the moral and intellectual sustenance that Greece used to derive from abroad was no less important than that which could be valued in currency. Her emigrants brought her a knowledge of the world, and inspired the world with sympathy for her by creating personal links of marriage and naturalization which hardly existed between the west and the non-commercial oriental peoples. Her aspiration to the beauties and memories of Constantinople and to the riches of Western Asia Minor filled her with something of the same hope in the future that the opening of the west has inspired in Americans and Canadians. But the world-wide catastrophes of recent years have now deprived Greece, partly directly and partly indirectly, of almost all these external sources of life and strength. Limits to her territorial expansion northward or eastward respectively have been set by two powers stronger than herself—Jugoslavia and Turkey—and she holds already at least as much as she is likely to retain in the directions of Albania and Bulgaria. Constantinople, Smyrna, Adrianople, Monastir, and Koritsa have definitely passed out of her political horizon; hundreds of thousands of her minorities in these neighboring regions have been driven in upon her and will henceforth have to be provided for within her comparatively confined frontiers, and her more distant "Dispersion among the Gentiles" has also been falling into various kinds of adversity. Bolshevism has ruined the Greeks of Odessa and other commercial centres of Russia; local nationalism may ruin those in India and Egypt, if politics take the same course there as in Asia Minor; but possibly the heaviest blow has been the limitation of immigration into the United States, and if this bar is maintained its ultimate effect on Greece (perfectly legitimate though such a policy is from the American point of view) may be more serious, though less melodramatic, than the eviction of the Greeks from Anatolia. If Greece is to survive under these new and sterner conditions she will have to turn her energies inwards and to develop resources in her products, position and population which she has hitherto partially neglected for enterprises further afield.

If the resettlement loan promoted by the League of Nations

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turns out a success the concentration of the Anatolian and Thracian minorities in Macedonia may prove, from the national point of view, to be a blessing in disguise. But it will not be enough for Greece to colonize Macedonia and develop its agriculture and local trade; for unless she makes the most of its geographical position as the narrow Greek littoral of a vast non-Greek hinterland she will not even be able permanently to retain the province under her sovereignty, let alone develop its wider commercial and industrial possibilities. This geographical factor will be either the greatest danger or the greatest strength to Greece, according as it is handled by her. If she misuses it so as to hamper the access of Jugoslavia and Bulgaria to the open sea, then these two states will ultimately combine to take the coastal strip from her. If, on the other hand, she takes pains to offer facilities to her inland neighbors, their trade will not only make the fortunes of Saloniki, Kavalla, Dedeagach and other ports (in compensation for Smyrna), but it will unlock the door for the entry of Greece into the political combination of the Little Entente—a *rapprochement* which will rescue her from her present isolation and consequent disadvantageous dependence upon the great powers. In this direction Greece has made a good start, since her military disaster in Asia Minor, by signing a convention with Jugoslavia for the establishment of a Jugoslav Free Zone in the port of Saloniki. It is in the interest of Greece to make this agreement a practical reality and not a mere concession on paper, and also to arrive at a similar understanding with Bulgaria in regard to the outlet on the Aegean which has been promised to the latter country, under the Treaty of Neuilly, by the principal Allies. Unhappily, the attempts made by the Allies at Lausanne to secure a Graeco-Bulgarian understanding on this point have not been successful; and the change of government in Bulgaria may give Greece a fresh reason, or excuse, for showing herself intransigent. Yet Greece cannot afford to leave Bulgaria permanently alienated from her; for though Bulgaria, without an army and with amputated territories, may not be a formidable enemy at the moment, she is capable in the future, as in the past, of turning the balance in southeastern Europe, and there are circumstances in which it might be ruinous to Greece if Bulgaria threw her weight on the Turkish or the Jugoslav side.

There is also the problem of internal politics, in which the judicial murder of the late ministry by the present Revolutionary

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Government has been the culminating act of violence in a crescendo of party faction. This relapse to the political traditions of a century ago has not been altogether the fault of the Greek nation. They were beginning to steer their ship of state out of the vicious current of spoils and reprisals when Greece was caught in the tempest of the European War, and her parochial feuds were embittered by the vendettas of pro-Ententists and pro-Germans, interventionists and neutralists. Yet wherever the responsibility for the recent condition of Greek politics may lie, it is a matter of life and death for the Greek nation to extricate themselves from it and to make a fresh start. For this the personal factors are not unfavorable. King Constantine is happy in not having long survived his second exile; Mr. Venizelos wisely decided to retire again from politics as soon as he had piloted his country's interests through the conference at Lausanne; and a new party is being formed under the leadership of Colonel Metaxâs (an able soldier who was all along opposed to the Anatolian Expedition), with the abolition of all the old parties as the central plank in its platform. The composition and outlook of this group appear to be not unlike those of the new government which has just seized the reins of power in Bulgaria. But Colonel Metaxâs is an ex-royalist, and if he is successful at the impending elections there is perhaps a danger that the blood of the executed ministers may cry out too loudly for vengeance. The nervousness of the present Revolutionary Government at Athens is shown by their postponement of the elections; but all Greeks with any sound political instinct, whatever their party, are under the strongest obligation to their common country to show mutual forbearance, for internal peace is as necessary as external peace for national recovery, and if the feud is not checked at this point it can only end, like its predecessors a century ago, in civil war.

"Peace within present frontiers" is thus the proper motto for Greece during the reconstruction period, but there are still three possible and legitimate avenues for her expansion—namely, the Dodecanese Islands, Cyprus, and the Oecumenical Patriarchate.

Rhodes and the group of neighboring islands were occupied by the Italians during the Turco-Italian War of 1911–12 as a means of inducing Turkey to cede to Italy her dominions in Libya. Under the Turco-Italian Treaty of Lausanne in 1912, by which the cession of Libya was provided for, Italy agreed to hand the islands back to Turkey as soon as the evacuation of Libya by the

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Turkish forces was completed. But the evacuation never was completed to the satisfaction of the Italian military authorities; the Italian occupation of the islands continued; and after the outbreak of the Balkan War, which was practically simultaneous with the Turco-Italian signature of peace, it turned paradoxically to Turkey's advantage. In that war Greece, owing to her command of the sea, was able to occupy all the other Greek islands (Samos, Chios, Mytilene, Lemnos, and so on) that still remained in Turkish hands, while Rhodes and the Dodecanese were excluded by the fact of the Italian occupation from the sphere of Greek operations.

The Balkan War ended; the European War began; the islands were still in Italy's possession; and when, in 1915, Italy negotiated the Treaty of London with the three principal Allied powers of the time, as the basis for her intervention on their side, the permanent annexation of the islands was one of the conditions upon which she insisted. The other principal Allied powers had therefore no choice but to provide for the annexation of the islands to Italy in the Treaty of Sèvres; but since Greece would not sign the Treaty under these conditions, and since Great Britain and France were then looking to the Greek army to impose their peace terms upon the Turks, a separate convention between Italy and Greece was negotiated under their auspices and signed on the same day as the general treaty of peace and the Tripartite Treaty assigning zones of influence to France and Italy in Anatolia. Under this convention the smaller islands were to be ceded by Italy to Greece forthwith, and Rhodes fifteen years after the cession (if it ever took place) of Cyprus to Greece by Great Britain. But the fall of Mr. Venizelos, which occurred before the convention was carried out, gave Italy an excuse for delay; and the present Italian Government is reported to repudiate the convention on the ground that it was a private arrangement between Italy and Greece; that it was never ratified; and that meanwhile the circumstances in which it was negotiated have been altered to Italy's disadvantage by the disappearance of her prospects of securing any kind of zone on the adjoining Anatolian mainland.

The fact remains, however, that the overwhelming majority of the population in these islands are Greeks who wish for political union with the Greek Kingdom; that there is no Italian population (the minority being Turkish); and that Italy originally

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occupied them as a temporary measure of war against Turkey. Whatever, therefore, the juridical position may be, the moral right is on the Greek side; but it will be difficult for other powers, and especially for Great Britain, to induce Italy to act in this matter as she should, until the proper moral atmosphere has been created by the cession to Greece of Cyprus—a larger Greek island, at present in British possession, on the fate of which the destiny of Rhodes was expressly made to depend in the suspended convention between Greece and Italy.

In Cyprus four-fifths of the population are Greeks, who have declared in unmistakable fashion that they desire to be united with Greece, while the other fifth are Turks, who naturally prefer the present situation, short of the return of the island to Turkey —an alternative which is neither practical politics nor in accordance with the principle of nationality. This principle, which has rightly militated against the Greek claims on the Asiatic mainland, ought in justice to tell in favor of Greece in the islands, where the proportion of Greeks and Turks in the population is reversed and where the sea provides the best of all physical frontiers. The interests to be conciliated are the security of the non-Greek minority, the political and strategic desiderata of the powers now in possession, and, in the case of Cyprus, the financial complications arising from the tribute formerly paid to Turkey; but none of the obstacles thus created are insuperable.

As regards minorities, it is notorious that in the Near East (if not all the world over) they invariably need protection against the dominant nationality in the state to which they belong, and that charters of rights on paper are of little value unless machinery is provided to ensure their execution. The practical difficulties attending this second essential necessity have undoubtedly to a large extent frustrated the operation of the minority treaties imposed on defeated or aggrandized states since the European War; but in nearly all these cases the sovereignty has passed direct from one local nationality to another (the rôles of "top-dog" and "under-dog" being thus exchanged rather than abolished), while impartial outsiders have had little status for intervention. On the other hand, Cyprus, Rhodes and the Dodecanese are perhaps the one case in which the protection of minorities can be made a reality, for the two western powers now in possession can impose whatever conditions they choose (including if necessary the retention of inspectors of their own

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nationality at the local government's expense, as well as the right of re-entry) as a condition of ceding the islands to the national state to which the majority of their inhabitants desire to belong. Thus the necessary protection of a Turkish population (for which the powers showed little regard four years ago when they assigned the Smyrna zone to Greece) cannot in this case honestly be made a pretext for the maintenance of the *status quo* to the imperial advantage of Great Britain and Italy.

As far as such imperial interests are concerned, a general self-denying ordinance on the part of outside powers to forego naval bases could be applied to all Greek islands with as much advantage as to the coasts of China; and the islands at present held by outsiders could be neutralized before being made over to Greece, as was done with the strategically important Ionian Islands sixty years ago. There is no insuperable difficulty here; and when one comes to the political question one finds that the British title to Cyprus is hardly sounder (except on the basis of prescription) than that of Italy to the Dodecanese and Rhodes. Cyprus was originally occupied by Great Britain under a convention negotiated secretly with Turkey shortly before the Berlin Conference in 1878. It was stipulated that the occupation was to last as long as Russia held the ex-Turkish districts of Kars, Ardahan and Batum in Trans-Caucasia, and on condition that Great Britain should henceforth defend the integrity of the rest of Turkey-in-Asia, if necessary by force of arms. Every condition under which Great Britain occupied the island in 1878 has ceased to exist since 1918; and though the British administration during the intervening forty years can show an honorable record, it is time for the British nation to follow in Cyprus their own example in the Ionian Islands and the American example in Cuba, and to withdraw after arranging that the rights of the Turkish minority shall be secured.

Such a gesture would not only be in the best British tradition, but sooner or later its moral effect would inevitably bring about a parallel withdrawal from the other islands on the part of Italy. Since 1914, the British Government's hands are freer in one direction than they were before, since they formally annexed Cyprus to the British Empire at the moment when Turkey intervened in the war, and advantage was taken of this freedom in 1915 in order to offer Cyprus to Greece in return for her intervention (an offer which lapsed, because Greece not unwisely maintained her

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neutrality till a later date). In the meantime, however, Great Britain has pledged herself to France—first in the secret agreement of 1916 and again at the Conference of San Remo—that she will not cede the island to a third party without France's consent. This is the one serious diplomatic difficulty in the situation; but now that Greece, owing to the loss of Smyrna and Eastern Thrace, has ceased to be a potentially formidable Mediterranean power, France could surrender her lien over Cyprus with little misgiving, especially if neutralization were one of the conditions of the transfer to Greece. There remains the financial question, for the surplus revenue of the island which Great Britain originally promised to pay to the Turkish treasury was subsequently earmarked for certain foreign bond holders of the Ottoman Empire; and when this "tribute" lapsed with the British annexation, Great Britain guaranteed these bond holders' dividends. It would be a financial advantage to Great Britain to divest herself of this burden, which has forced her hitherto to make a grant towards the expenses of Cyprus out of the pocket of the British tax-payer. The financial responsibility would have to be taken over by Greece with the island, though the annual contribution might well be scaled down.

Besides these outstanding territorial questions there is the future of the Oecumenical Patriarchate to be decided—a decision by which both Greece and Turkey stand to gain or lose considerably, according to the wisdom or the reverse which they display in their diplomacy. The Patriarchate has reached a crisis in its long history as great as that which it surmounted successfully when the last Byzantine Emperor was superseded at Constantinople by Mohammed the Conqueror. In 1453 the office actually gained by the misfortunes of the Greek nation, for the Conqueror made the Patriarch not merely the ecclesiastical but in many respects the civil head of all his Orthodox subjects, so that the prelate acquired some of the prerogatives of his former Christian sovereign and extended his jurisdiction with the progress of the Ottoman conquests over Orthodox populations that had never been ruled by the successors of Constantine. He became, in fact, an Ottoman official whose material fortunes were bound up with the prosperity of the Ottoman state; and from the moment that the Ottoman frontiers began to shrink the Patriarch's flock began to dwindle. He then suffered doubly on account of his dual capacity. In 1821 the Patriarch of the day was hanged by the

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Turkish Government as the official responsible for the Greek insurgents, while in 1850–52 the Orthodox Church in the new Kingdom of Greece separated itself administratively from the Patriarchate, because a sovereign state could not afford to have the official of a foreign power as the head of its church. The Orthodox Churches of Rumania and Serbia seceded from the Patriarchate for the same reason. The creation of the independent Bulgarian Exarchate in 1870 was a shrewd stroke of Turkish policy. The loss of almost all the remaining Ottoman dominions in Europe since 1912 has swelled the membership of the autonomous Orthodox Churches of the Balkan States and correspondingly diminished that of the Patriarchate; the huge exodus of Orthodox Christians from Anatolia during the past year has cut it short on the other side; the remnant of Turkish-speaking Christians that remains in the interior has been encouraged by the Turkish Nationalist Government to establish a separate Orthodox Church; and the realm of the Oecumenical Patriarch has in effect become confined to the Greek community in the city of Constantinople.

It is still open to the Patriarch to remain in Stamboul as a parochial bishop, shorn of his ancient civil powers, which are incompatible with the institutions of the new Turkish National State. During the first session at Lausanne the Turks unwillingly agreed to this at the instance of the Allies, and the local Greek community clings to the Patriarchate as its national bulwark. It may be doubted, however, whether the continued presence of their former champion would not in the circumstances expose them to danger rather than shield them from it; for since the Allied fleets sailed up the Dardanelles in 1918 the Patriarchate has acted openly as a Greek national institution hostile to the Turkish cause, and the *status quo*, which had already been strained to the breaking point, is hardly capable of restoration.

On the other hand, if the Oecumenical Patriarchate were to evacuate Constantinople and to retire, as the reigning Patriarch Meletios has done personally, to some monastery on Mount Athos, Greece would stand to gain without any detriment to Turkey. Mount Athos is within the Greek frontiers, but it is also a common sanctuary of the Orthodox world. There are Russian, Serbian, Bulgarian and Georgian monastic communities there as well as Greek; so that from this point in Greek territory the Patriarchate might exercise an informal influence over all the

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Orthodox churches which would be wider than its official jurisdiction even at the zenith of the Ottoman Empire. There is a genuine need for some liaison between these different churches of identical rite but independent administration; but jealousy prevents the grant of primacy to the Patriarch of any particular country, state or nation. By sacrificing his local diocese, however, the Oecumenical Patriarch might attain to this higher position. He might become Oecumenical in fact as well as in pretension for the first time in history. The problem with which the Patriarchate is thus confronted is curiously reminiscent of that which faced the Papacy in 1870 when the Italian Government occupied Rome; and in this case, as in that, the solution of an ecclesiastical question is bound to affect, for good or evil, the relationships between temporal powers.

This article would be incomplete without some survey of the position of Turkey herself. Her brilliant military victory over Greece, and indirectly over Greece's backers, has been followed by equally striking successes at Lausanne, where Ismet Pasha has harvested by diplomacy as much as he had previously reaped by his sword, until he has realized the Turkish National Pact almost in its entirety. Turkey has gained almost all her points at the conference because she has been strong enough to insist on them and would have yielded only to military pressure so hazardous, costly and extensive that none of the Allied powers would for one moment attempt to exert it. This situation has been equally patent to the Turkish and to the Allied plenipotentiaries, and the results of the conference have been predestined by it.

The real struggle of wills is now going to begin when peace has been signed and Turkey has started to put her own house in order. She cannot reconstruct her economic life without borrowing fresh capital and technique from the west; and although she is able to dictate the terms on which western enterprise shall work within her frontiers, she is impotent to compel its entry in the future. In other words, if western enterprise is alarmed and outraged by Turkey's new policy towards foreigners (whether theoretically legitimate or not) beyond a certain degree, it will boycott Turkey and prefer to invest its energies in China, Mexico or any other field where the risks and difficulties are even slightly less great than in the dominions of Angora. And if such a boycott (inspired not by malice but by commonplace self-interest) occurs, Turkey's economic prospects are black. The unfortunate

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country has been ruined as completely as Greece by the miserable Anatolian war. The provincial towns and villages were systematically destroyed by the Greek army all along the line of its final retreat from Afium Kara Hissar to Smyrna; Smyrna has been devastated by the great fire which broke out during the fighting between Turkish troops and Armenian irregulars in the Armenian quarter; railway bridges have been blown up, rolling stock and locomotives wrecked or deteriorated; and though "self-help" has done wonders in the villages (as the writer saw for himself last April) Turkey cannot rebuilt her towns, still less her railways, without assistance from abroad.

Will Nationalist Turkey pay the price at which alone such assistance will be forthcoming? She has suffered so much during the last century and a half from the abuse of special privileges by foreign interests and residents that she has become a devotee to the doctrine of absolute national sovereignty over every individual domiciled within the national frontiers—a doctrine which has been worked out to extremes in western Europe since the French Revolution and which has been learnt at Paris by Turkish students and exiles there. It is conceivable that she might sacrifice her economic recovery to her political principles and might sink to the economic level of Afghanistan—or rather, to the level at which Afghanistan was content to remain until she began to emerge from her isolation a few years ago. This possibility, however, will seem on the whole improbable to anyone who has recently visited Angora and seen something of what the governing class and the peasantry are thinking; for such observers will have noticed that the desire for comfort and efficiency, which is beginning to make itself felt even in Afghanistan, is stronger and more widely spread in Anatolia. It is not surprising to find this in the leaders, who have been accustomed to live not only in Constantinople but in the great cities of western civilization, and whose appreciation of these delights has been stimulated by four years in the wilderness of an Anatolian country town; but it is significant that the leaven is beginning to penetrate the Turkish peasantry. The conscious longing for peace and prosperity which is noticeable among them today is partly the natural reaction from a dozen years of continuous war and nearly a century of conscription; but it is also due to the influence of western ideas, which is affecting them as it has affected one peasant population after another in southeastern Europe during the last century.

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The west has, in fact, inspired the oriental peoples with the two ideals of economic progress and political sovereignty, which (whatever their relationship in their place of origin) are incompatible if pushed to extremes in undeveloped non-western countries which have taken them at second hand. Turkey's present programmes of sovereignty and progress can hardly both be realized to the full, but it is unlikely that either will be pushed to the wall by the other. It is more probable that a compromise will be reached, not on theory but through the hard facts of experience; and that, after a period of economic depression, during which the foreign interests will find the struggle for existence hard (while still greater affliction will be suffered by the majority of the Turkish population) some kind of equilibrium will be restored. Theoretical sovereignty, after all, is a somewhat negative blessing; and though life may seem intolerable until it is attained it is an unsatisfying substitute for material well-being. Thus western enterprise may have to face a bad time in Turkey in the immediate future, but need not despair if it can afford to take long views.

The Turkish desire for economic development is also stimulated by considerations of foreign policy. A remarkable feature in the present state of mind of the Turks is that they are not dazzled by their recent military successes and realize in general (however little they may have begun to apply it in detail) that a momentary victory in war, made possible by a peculiar and transitory phase in the international situation, will not permanently safeguard their national existence unless it is followed up by a sustained effort in every sphere of social life. For the moment, Russia and Germany are prostrate, the western powers too much exhausted for active measures in the east, while Greece, having been at war for almost as many years as Turkey and having had to fight her single-handed on unfavorable ground, has suffered a signal defeat. But Turkey knows that she cannot afford to rest on her laurels while her neighbors recuperate, and the shadow of Russia is beginning to fall heavily upon her once more. The present Turco-Russian alliance could never have come into existence if Russia had not ceased for the moment to be a great military power, and if the amazing diplomacy of the Entente powers had not forced two inveterate enemies into an unnatural union. Even such slight relaxation of the diplomatic tension as has been achieved since the armistice of Mudania has

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distinctly loosened the Turco-Russian entente; and now that Turkey has virtually recovered her full sovereignty over the straits and Constantinople the geographical conflict of interests between the two countries has been reintroduced in its old form. The alliance has been one of expediency and will fall to pieces as the concrete common interests that produced it disappear, since it has no moral foundations, like those which attract Turkish intellectuals towards French or English culture, however hostile they may be politically towards England and France. It is safe to prophesy that, before long, Turkey will feel the pressure of Russia again, and that this menace will stimulate her to develop her own strength by setting her house in order. During the past century and a half, Turkey has sought to defend herself against Russia less by her own efforts than by throwing herself on the support of one or the other of the western powers. But the fruits of this dangerous policy have proved almost as bitter for her as they have for Greece. She has generally given more than she has got; has been welcomed as a protegée and exploited as a catspaw (her treatment by Germany being her last disillusionment); and, like Greece again, she has come to realize the necessity of cutting herself free from the great powers' policies. But she must borrow economically and socially from the west if she is to become strong enough to assert her political independence of the west, and if she is to take practical steps in this direction by a political *rapprochement* towards her Middle Eastern neighbors. At present her military prestige stands high among the eastern nations from Egypt to Afghanistan, and if she can also gain the lead in material and intellectual development she may have a great future as *prima inter pares* of a Western Asiatic Entente, corresponding to the Little Entente in southeastern Europe.

The upshot of this brief survey seems to be that on the morrow of the settlement Greece and Turkey are moving in parallel directions, and that there is some chance that, to their mutual advantage, they may establish better relations than they have had in the past. The fundamental problem on the solution of which their fortunes depend is the elimination of foreign powers and their rivalries from the Near and Middle Eastern arena; but this problem involves a wider circle of countries than was directly concerned in the conference at Lausanne or than can be included in the scope of this article.

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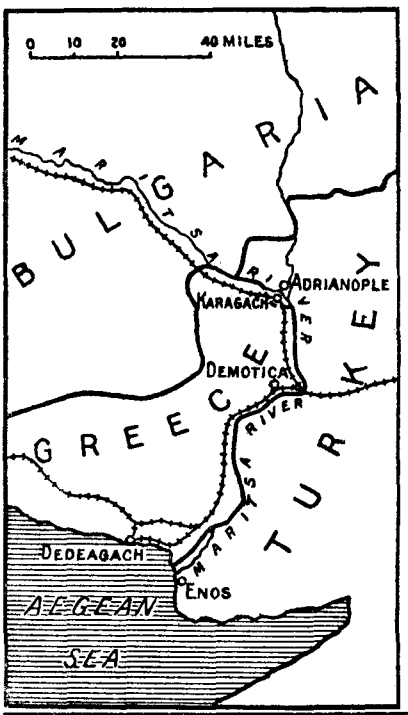
THE NEW FRONTIER IN THRACE



By the Treaty of Lausanne Greece cedes to Turkey the disputed district of Karagach, west of the Maritsa River, with a population of 16,700 people, most of them refugees from Western Thrace. The Turks thus get the Karagach railway station which serves Adrianople. The new frontier is shown by a broken line on the two accompanying maps.

Turkish control over this link of the railway running down to the Aegean is of less consequence to the Greeks themselves—since it will interfere only with a small local traffic—than it is to the Bulgarians. The latter now find the free outlet to the sea for which they are clamoring blocked by Turkey as well as by Greece.

Karagach was retained by the Turks in the final treaty of peace made with Bulgaria in 1913 following the Balkan Wars. The Bulgarians demanded and obtained it in 1915 before they would enter the war on the side of the Central Powers. Since 1918 it has been an object of dispute. Its cession at Lausanne, against which the Bulgarians have protested vigorously, was a shrewd move on the part of Venizelos for it deflects Bulgarian grievances and pressure in no small measure from the Greeks to the Turks.

Compiled by Col. Lawrence Martin, Washington, D. C.

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THE COAL QUESTION

By Walter S. Tower

THE industrial life of the modern world rests on a basis which has come to be more or less taken for granted, that is, on an abundant and cheap supply of coal. Nations which have been able to produce large supplies of coal easily have become economically great and politically powerful. On the other hand, nations with little or no coal at their command have remained economically dependent and have failed to obtain very high political rank. Thus for decades the United States, the United Kingdom and Germany have been more and more the dominant figures in world industry and international affairs. It is true that China, Canada and Russia have large coal resources —larger, in fact, than those of other countries except the United States—but so far these resources have been neither so readily accessible nor so easily available as to permit the economic development which would have followed from more favorable conditions.

It was often said prior to 1914 that the nations possessing coal and iron ruled the world, and in this pair coal, by common consent, was considered the more important. Since 1914, it has been said repeatedly that the world conflict was largely a struggle for control of coal and iron and the advantages which result from their possession. Although these statements may not be literally true, they are essentially a recognition of the fundamental fact that coal is the basis of modern economic strength, because it is the main and still the most convenient source of mechanical power.

Of late there has been a tendency to discount the future dependence of the world on coal, the claim being made that other sources of power will displace it. For example, a great shipping authority recently said: "It is generally conceded that oil must eventually supersede coal as fuel for ships." It is also maintained that waterpower will contest with coal for first place in providing industrial energy. It undoubtedly is true that these alternative sources of power already are serving many uses which previously were supplied by coal, and it is not unlikely that they may have increasing importance in the near future, notably so in the case of hydro-electric power developments. But all the oil produced in the world if used for fuel purposes would equal barely twenty per

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cent of the coal now consumed annually, and some of the most competent authorities are beginning to believe that the greatest oil producing nations have about reached their zenith of output. Waterpower, even where utilized through hydro-electric developments, still suffers from the fact that its use is limited to a narrowly restricted area surrounding the power site. Thus, great as these alternative sources of power may become, the dominance of coal seems sure to prevail indefinitely.

Because of this fundamental importance of coal, both to the present and future industrial prosperity of the world, it is desirable to recognize the problems related to the use of coal, to realize that these problems are growing more acute, and to admit frankly that some solution must be reached other than the false notion that an escape from vexatious coal questions may be found by turning to oil and waterpower.

The first problem which the extensive use of coal presented to industrial nations was the question of how long the supplies would last. More than fifty years ago this question was being seriously investigated in Great Britain, where the stage of large dependence on coal was first reached, and it since has engaged the attention of practically every important coal producing country. As a result of these investigations, coal-bearing regions have been pretty thoroughly surveyed and it has been determined that the question of the exhaustion of coal resources is probably a matter of several hundred years, even in the case of the less well endowed nations. This does not mean that it is not desirable to conserve coal resources as far as possible, by economies both in production and in use, but it does mean that the question of ultimate exhaustion is now of less pressing importance than some of the more recent problems in the industry. The chief of these problems are: first, an adequate output of coal; second, adjustment of cost of production and price of coal; third, the position of coal in modern trade; fourth, the control of the coal industry; and fifth, the political aspects of coal.

THE QUESTION OF AN ADEQUATE OUTPUT

Only recently has the question of securing an adequate output of coal assumed much importance. Prior to the war attention was being drawn to the fact that the world output was doubling about every eighteen years, while in the United States the period was every twelve to thirteen years. Many speculations were

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made as to whether this extraordinary rate of increase would continue, and, if it should, how the industry would meet the problems involved. It was, of course, quite contrary to natural tendencies of industrial expansion to assume that the rate of increase during the earlier decades of dependence on coal would or could be maintained indefinitely. Yet estimates were made that by 1950 the output in the United States would be at least three times its present figure, and in the United Kingdom at least double. These predictions may not be verified, but the rapid rate of increase already experienced indicates the seriousness of the problem of meeting the coal requirements for a world which steadily is becoming more highly industrialized.

According to the best estimates, the world's annual requirement of coal had reached about 1,400,000,000 tons when the war began. This figure may be taken as the approximate basis from which to reckon likely consumption if the industrial and commercial activities in Europe were restored to something like normal. By way of contrast it may be worth noting that this annual consumption of coal would fall not far short of the total world output for the whole decade 1861 to 1870.

In spite of this enormous increase in annual consumption, the production of coal has continued to be confined largely to three countries, the United States, the United Kingdom and Germany, which together produced eighty-one per cent of the world's supply in 1870, and in the last year before the war still contributed approximately eighty per cent of world output. Among the other producers which account for most of the remainder specific mention may be made of France, Belgium, Czechoslovakia, Russia, Canada, Japan, Australia, India, and South Africa. These nine together produce only about 200,000,000 tons a year, or barely more than two-thirds of what is credited to Great Britain alone. Almost from the beginning the bulk of the coal produced has been used in or near the coal-mining districts; and thus has been largely determined the localization of modern industrial activities, which developed to a greater or less degree in proportion to the amount of coal available. More recently, however, an increasing quantity of coal has been finding its way to more remote places, in answer to the steadily growing demand for coal in modern life. Thus British exports which were less than 5,000,000 tons a year in the 1850's, reached almost 98,000,000 tons (including bunker coal) by the end of 1913.

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At no time, however, has there been any doubt as to available resources. The total reserves of coal, estimated at more than 7,000,000 million tons, are so many times greater than the amount used so far that any suggestion of impending exhaustion is not now worth considering. Assuming equal availability for all known deposits, the present rate of production could be continued for several thousand years. Even in those countries where exploitation has been most rapid the total consumption to date is an almost negligible fraction of the amounts known to exist. Thus on the basis of present output the resources in Great Britain are figured as sufficient for another four hundred years; in Germany for eight hundred; and in the United States for nearly four thousand years. And the important use of coal is barely started on its second century. Yet if one accepts the estimates that world output a century hence will have increased sevenfold, it is necessary to assume not only a greatly accelerated rate of exhaustion for the principal fields on which the world now depends, but also the necessity of turning to other fields to satisfy this stupendous requirement.

It must be recognized, however, that coal fields are not all alike, either in quality or in commercial availability. Hence it is necessary to make certain modifications of any sweeping conclusion based on general world totals. Of the three commonly recognized grades of coal, bituminous, which represents about fifty-three per cent of the known reserves, is of chief value because of its superiority for power purposes, its cooking quality, and its valuable by-products. The lower grade, consisting of lignite and sub-bituminous, is unfit for many uses without passing through some process of manufacture, like briquetting, and even then it is excluded from some uses, as in the metallurgical industries. Because of their inferior quality these coals cannot stand heavy transportation charges, and therefore their use on a commercial scale is largely restricted to the immediate vicinity of the mines. However, these less valuable deposits account for forty per cent of the world's coal reserves and the bulk of the supplies in some countries, such as Canada and Siberia. The highest grade, anthracite, also is less generally adaptable to industrial needs, and that fact, combined with its very limited occurrence, restricts its importance to a few localities. Within those limits, as in the northeastern part of the United States, the problem of anthracite supply has become chronically acute; but because that district

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has for a close neighbor one of the greatest of bituminous coal mining regions its anthracite problem is felt little, if any, in the general world coal situation.

There is no chance that anthracite coal will ever be more of a factor than it is today, for the deposits of its resources are too small and its uses too few. The time may come when technical advances in fuel economy make the vast deposits of lignite readily available for most purposes. But so far as one can now judge, it is the bituminous supplies which are the real basis of industry, with little chance of general substitution from other grades.

The world's resources of bituminous coal are a trifle more than half the estimated total of 7,000,000 million tons. Of this bituminous supply, North America has 2,200,000 million tons, mainly in the United States; Asia has 760,000 million tons, four-fifths of it in China; Europe has 693,000 million tons, one-fourth of it in Britain and more than a half of it in Germany.

When one considers the location of these bituminous deposits, it is difficult to see how there can be much substitution of newly-opened for old sources of coal for most consumers, since cheapness is the essence of power. In such countries as the United States and Canada, however, there are possibilities of expanding production by having recourse to newly exploited fields. But most of the coal resources of the United States, outside those near the Atlantic seaboard, have no direct significance for any other country. If used at all, the coal from the interior fields must be used there. The same holds true for the bulk of Canadian supplies, in fact for all outside of Nova Scotia and British Columbia. Similarly, Chinese and other Asiatic resources are so located as to have little external importance. By a process of elimination, therefore, it appears that readily available supplies are mainly confined to a few favored parts of the total reserves, chiefly in western Europe and in the eastern United States.

Coal's chief uses in the countries which are its heaviest consumers are, first, for manufacturing industries; second, for transportation; and third, for light and heat. In other countries the order is commonly reversed, with transportation accounting for the largest part and industrial uses coming second. In almost all these latter countries, however, persistent efforts are being made to promote industrial enterprises which will involve a larger use of coal. Moreover, the transportation requirements of these countries are far from being satisfied. It may be risky to assume

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great success for the ambition of countries like Argentina and Brazil to develop along manufacturing lines on the basis of imported coal, but it is perfectly safe to say that if such nations are to continue their economic progress they must expand considerably beyond present transportation facilities. In short, practically all economic growth for them involves additional requirements of coal.

It may be worth while to digress here for a moment to recall that recovery from the effects of other disastrous wars during the last century and a half was in each case materially accelerated by the opening of new areas or avenues for economic expansion. If similar help toward recovery is to be experienced today it seems most likely to come from opportunities for development in the southern continents, where in every instance added supplies of coal would be necessary.

No matter from what angle one considers the question, it is inevitable that there will be a steadily increasing demand for coal, but at what rate this increase will proceed and how far it will go in any given time is at present a pure matter of conjecture. But unless the demand should increase much more rapidly than now seems likely it presumably will not for several decades expand faster than the ability of the existing industry to meet it.

The ability to increase coal output to meet emergency requirements was fairly well demonstrated in the United States from 1914 to 1918, when the previous maximum output was exceeded by more than 100,000,000 tons. It was, of course, necessary to make sacrifices in some directions in order to accomplish the desired result so quickly, but the fact of doing it at all may be taken as proof that a far greater scale of expansion would be possible under the more gradual growth of normal uses. This opinion is also supported by the contention that the United States has more mines and more miners than present production requires, were operations conducted more efficiently. On the other hand, no important European producer since 1914 has exceeded the high level of output reached up to that time. One limiting factor in this connection is the extent to which mines are becoming too deep for the most economical operation, but that aspect of the problem is more serious in the small producing districts than in either the British or German fields.

In the present state of affairs, it is extremely doubtful whether the coal fields of continental Europe, except in Germany, are able

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to contribute substantially more to meet local coal requirements, much less to provide additional supplies for the outside world.

It is logical, therefore, to conclude that continental Europe's output of coal will be mainly absorbed within its borders. There is not much, if any, chance for continental Europe to draw large amounts of coal from outside sources other than Great Britain. At times considerable shipments from the United States have been bought by Europe, but even at their maximum these quantities have been relatively insignificant when compared with the total European coal requirements. It is perfectly clear that no great European industries could long afford to depend on high priced coal from America. As a result of these conditions, there is doubt about the ability of most European countries, except Germany and Britain, to do much more than they now are doing on the strength of their own coal supplies. The rest of the world, then, will have to obtain its coal largely from Britain and the United States, with small, but perhaps locally important, assistance from Canada, Australia, South Africa, and possibly China.

THE QUESTION OF COST AND PRICE

The question of the cost at which coal can be mined and the price which must be paid for it by users is almost as important as the adequacy of the supplies, for the cheapness of the power derived from coal always has been one of its greatest advantages. To a certain extent this cheapness has depended on a steadily expanding consumption, which gave every opportunity for the economies of large scale production.

The attitude of British producers and consumers gave clear recognition of this fact at the various times when agitation was started to conserve coal supplies by restricting exports. Starting from the premise that coal is the one great natural resource on which British industry is built, it is easy to conclude that large exports of coal are undermining the economic strength of the nation. But every move to restrict exports has met defeat through the argument that cheap coal is the foundation of British industrial and commercial importance, and that cheap coal would no longer be possible if the same overhead costs of operation were applied to the smaller output which would follow inevitably from curtailed exports. In a way, therefore, the export coal trade has been quite as important to the coal users of Britain as to those in the overseas countries which buy British coal.

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It is an open question, however, whether expansion of production in many places has not already reached the point where the costs of putting coal into the hands of consumers begin to increase rather than decrease with added output. Certainly costs of production have risen sharply in recent years, due partly, of course, to the disturbing effects of the war period on cost and price levels in general; but this rise has some aspects which give promise of lasting more or less indefinitely. A concrete measure of the rising costs is found in the fact that both wholesale and retail prices of coal have doubled in the United States in the last ten years, and much the same holds true in England. More and more extensive workings have been necessary to furnish increasing supplies, except in the newer fields where easily accessible deposits were still undeveloped and additional mines could be opened. In some places, notably the western European field, including the deposits of France, Belgium and Germany, opportunities for new mines are few and many old mines have reached depths which in the United States are commonly regarded as beyond the limit of economical operation. Similar conditions are being approached elsewhere, with the result that further expansion of operations means expensive development work, the burden of which would be reflected in higher costs. Beyond a certain point, in any coal field, additional mines or more extensive workings of old mines involve less rather than more economy of operation.

The number of coal miners, naturally enough, has increased as the industry has grown, but for some years the increase of workers has been faster than the growth of production. In other words, the output per man has steadily diminished, notably so in Great Britain, where the output per worker dropped from 258 tons in 1913 to 182 tons in 1920. Part of this shrinkage is explained by fewer hours of work per week. But the same tendency toward smaller output existed before the seven-hour day was effective. Instead of considering a return to more working hours per week in order to increase and cheapen output, miners are talking about a five-day week, six hours per day, and the like, always with the same or a higher scale of wages. Such conditions inevitably mean dearer coal. In fact this item in itself is so important that many observers see no prospect of a return to the low cost of coal production which prevailed a generation ago.

If this mounting cost of coal were merely keeping pace with a long upward swing of costs and prices in general, the effects would

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be negligible. For some time, however, the price of coal has been getting out of line with the prices of many other essential commodities, and in Europe this situation has recently been greatly accentuated by the French occupation of the Ruhr. Yet some of the causes are more deep-seated and less remediable than the effects of the French Rhur policy. Miners' unions, both in Europe and America, learned during the war, if they did not know it before, how vital the coal supply is to the community at large. They discovered that labor can usually secure its demands, if the alternative is stoppage of the coal supply. They determined after the war not to return to the previous conditions, which were regarded as unsatisfactory. There may be some doubt whether up to 1914 the miner was relatively worse off than other workers, but there is no doubt that he aims to be better off in the future than he was then. If he succeeds, the effect will be dearer coal—how much dearer depending largely on what world consumption amounts to in the future.

Thus the miner constantly complains that he does not get a "living wage," while the mine owner pleads that he makes no profits. And so, ground between the upper and nether millstones, the defenseless consumer suffers from ever mounting coal prices.

The surest way of counteracting these tendencies is through greater economy both in production and in use. The former is largely a matter of more efficient mining methods, the introduction of which in most cases would be relatively simple, except insofar as opposed by labor or as locally hampered by the conditions in which the coal occurs. The chief difficulty is probably the miner himself. In the hands of labor rests the power to lower production costs,—by means of a larger output per man,—more than costs are being increased by all other causes. Greater efficiency in the use of coal is relatively more difficult to secure, because it involves modifications or complete changes in many ways in which coal is used in order that the present waste or complete loss of valuable products may be reduced. As it is now, only a fraction of the potential power is actually utilized and many of the important commodity properties of coal are lost entirely.

The method of getting coal into the hands of the user is another prime factor in the price which he pays. Transportation charges fall more or less alike on all bulky commodities, yet there is a measure of difference between coal and the others because of the very great volume of coal which must be handled and its

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comparatively low value per ton. For this reason a charge which would be moderate for another commodity like wheat, worth $30 per ton on the farm, might be intolerably heavy for coal, worth only $6 per ton at the mine. The problem of handling coal efficiently and cheaply is one of increasing seriousness. In fact it may be doubted whether existing methods will prove adequate to the task of transporting greatly increased amounts of coal, except at prohibitive costs, even though there were no question about quantity or economy of output from the mines.

THE QUESTION OF TRANSPORTATION

As a commodity in commerce, both internal and foreign, coal presents one of the most vital transportation problems. In domestic trade the situation is probably most acute in the United States, where coal accounts for more than one-third of the freight handled by the railroads. This represents an enormous burden, often to the disadvantage of other rail traffic. Any great increase in total traffic might necessitate a choice as to which of the commodities has the right of way, when none of those involved can conveniently be done without. The seriousness of this problem is recognized in the agitation for central power stations, to be established close to the coal mines on a scale to meet the power requirements of most of the northeastern section of the United States, thus greatly reducing the tonnage of coal handled in the district of most congested freight movement. Another suggested remedy is the zonal marketing of coal, by which every consumer would be provided from the nearest source of supply. In Great Britain and Germany the problem of internal coal traffic has been relatively less serious, partly because of smaller amounts to be hauled shorter distances, and partly because considerable advantage has been taken of waterways. In both these cases, nevertheless, the volume of coal to be handled creates the chief traffic problem which the railways have to face, and this in spite of the fact that the coal trade represents one of the chief sources of railway revenue.

However, the transportation of coal is as much of a boon to seaborne commerce as it is a burden to internal trade. The tonnage of coal shipped overseas, exclusive of bunkers, is several times greater than that of any other single commodity. It amounted to close to 100,000,000 tons in 1913. British coal represents about seventy per cent of this total and accounts for

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about forty per cent of the entire volume of British overseas trade. The handling of this vast coal trade requires extensive and special port facilities, provides employment for many men, and furnishes cargo for a large part of the world's merchant fleet.

In this last respect the coal traffic is an almost indispensable item of profit to vessels in certain trades. For example, the cargoes of grain and raw materials bound for the industrial districts of western Europe can be transported at reasonable rates largely because full cargoes of coal on outbound trips help to cover the cost of operating ships to the remote points from which Europe draws its supplies. At present, the cost of operating a 5,000-ton vessel from a British port to the River Plate and return requires earnings of about forty shillings a ton to cover expenses and leave even a small margin of profit. Without coal exports practically all this would have to be borne by the homeward cargoes of grain, for there is little or nothing else to provide outward freight for the amount of tonnage required for grain imports. But with coal paying an outbound rate of fourteen to sixteen shillings, the effect on the freight factor in the cost of grain is very substantial.

What is true of the Argentine grain routes is also true of the other routes over which the great supplies of bulky food products and raw materials move to satisfy the huge demands of western Europe. It is very easy to upset the nicety of balance in this reciprocal traffic. Any interference with the normal supply of coal for export reacts unfavorably on shipping facilities for homeward cargoes.

An example of this is furnished by the condition following the occupation of the Ruhr. In the first place, interference with the coal supply of certain continental districts quickly created a largely increased demand for British coal at advancing prices. This tended to curtail the amounts of coal—and therefore of shipping—going to more remote markets, and resulted in higher homeward freight rates. Presently, however, there followed a considerably diminished continental buying of grain and raw materials, with an accompanying weakness of homeward freight rates, to such an extent that tonnage for coal exports could be secured only by bidding up the rate. Thus the overseas communities lost both ways, first through the diminished demand for their exports of grain and raw materials, and second by paying more for their coal.

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Any developments which permanently diminished the quantity of seaborne coal would seriously upset long-established world trade relations. A long-continued shrinkage in the output of coal from western Europe would probably involve an added drain on the surplus output of British mines, with the result that other overseas consumers would have to satisfy their needs in larger part from the United States or some of the lesser producing districts. Such a shifting of the lines of coal trade would have far-reaching effects on established trade relations in other commodities.

It is almost axiomatic to say that Europe's coal requirements cannot be economically supplied from any outside source, that economic prosperity cannot survive curtailed or too expensive supplies of coal, and that European industries cannot bear the burden of dearer foodstuffs and raw materials which would follow from redrawing the lines of the world's coal traffic. Such a realignment might ultimately be to the advantage of the United States, if one could assume that the United States would not seriously feel the resulting disadvantages to Europe. However, the volume of European trade has always exerted so much influence over trade throughout the world that no commercial nation can consider itself immune from the undesirable effects of any sustained dislocation of coal supply and the industries depending on coal in the western European countries.

THE QUESTION OF CONTROL

The question of the control of the coal industry follows naturally upon a consideration of the importance of insuring abundant supplies, of avoiding prohibitive costs to consumers, and of meeting the traffic problems involved. For many years serious consideration has been given to the corollary problems of worker's wages, producer's profits, and to the complex relations of this basic industry to the whole organization of industrial society. The disastrous consequences of labor disputes and stoppages of production have forced public attention to these matters. And the more the consumption of coal increases, the more serious and far reaching are the results of short supplies, high prices and uncertain deliveries. The growing problem of control is recognized; its relation to economic stability and prosperity is plain; but where the proper solution is to be found few profess to know.

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War-time emergencies precipitated the issue by bringing what was in effect, if not actually, a period of government control. The control in Britain was more comprehensive than in the United States, but in both cases it furnished sufficient experience to strengthen the general feeling that government ownership of the industry is not the solution for any important problem of the coal question. On the other hand, agitation by labor interests in favor of nationalization of coal mines has increased since the war, both in Britain and in the United States. The protracted strike of British coal miners following de-control in 1921, and the great strike among American miners in 1922, were both regarded as part of the desire of the workers' unions to force a return to government control and eventually for the nationalization of the industry. Public opinion on this point, however, has been indicated clearly enough by the British Government's refusal to consider nationalization and by the declaration against government ownership in the report of the investigating commission appointed by President Harding last year.

Private ownership and operation of coal mines has received the stamp of approval from the most competent investigators as being best calculated to give the efficient and economical management necessary for abundant and cheap production. The public importance of the industry is so great, however, that a measure of regulation probably is inevitable. In short, it is quite as necessary to see that the supply of coal is not seriously impaired, that it is reasonably priced, and that there is a fair reward for the capital invested, as it is to see that miners' working and living conditions are as satisfactory as the nature of the industry will permit.

Among the different kinds of regulation which have been suggested the chief relate to hours of work, wages, profits, prices, traffic, and emergency control of production. As thus far put into effect, however, regulatory provisions have been in the interest of the worker, rather than of the consumer or the mine-owner. Thus the elaborate British legislation affecting the coal industry, embodied in the Minimum Wage Act (1912), the Mining Industry Act (1920), and the so-called National Agreement for settlement of the 1921 strike of coal miners, is concerned mainly with limiting hours of work and establishing minimum wage levels. Provisions in the Mining Act of 1920 even went so far as to give labor some voice in the control of the industry, but not

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exactly under the conditions desired, and that part of the law was allowed to lapse. Nowhere, however, has provision been made to prevent strikes, which involve heavy losses for the community and hardships for millions of people. And prices charged to consumers, like profits on the capital invested, are still the sport of widely fluctuating market conditions.

To equalize the case between effectively organized workers on the one hand and loosely organized owners and consumers on the other, it seems necessary to extend regulation beyond the sphere of wages and hours of labor. It is no exaggeration to say that the cost of meeting miners' demands in Great Britain has reached the limit which can be borne under existing conditions, either by the coal industry itself or by British industry in general. Still the miners are not satisfied, and underlying all the complex fabric of British industry and trade there consequently is an element of uncertainty about the future of the coal on which everything British depends. Other countries, like the United States, are approaching the same situation. Hence it is argued that if workers and owners can not agree to settle their differences, the state must be prepared to take over the industry until the points at issue can be decided by some properly constituted tribunal. This protection for the public is rendered the more necessary by the rumors of a sort of international agreement by which workers in one country will refuse to produce coal for shipment to another where a strike of miners is in progress. On the other hand, it is evident that owners' costs of production need to be brought regularly under review in considering prices paid by consumers as well as in determining the claims of capital to reasonable profits.

Unfortunately, the same regulations will not fit all cases, even within limited areas, on account of differences in conditions of mining. This fact has long been recognized in the United States, but one of the best concrete examples is found in recent data covering English coal fields, which show that in Lancashire a pitmouth price of 19s. 4½d. per ton yielded a profit of barely one farthing, while nearby, in Yorkshire, a pitmouth price of 17s. 5½d. yielded a profit of 2s. 1¾d. per ton. Under such circumstances any equitable regulation of conditions of work, wages, profits and prices becomes almost bewilderingly complex.

For the great coal producing nations, notably the United States and Great Britain, the problems of coal control annually become more pressing. But so far, unfortunately, no one seems

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to have discovered a plan for properly adjusting the three-cornered interests of workers, owners and the public. To date, the public directly or indirectly has paid the price for all the ills of the industry. In the long run, however, if economic strength and growth are to continue, the interest of the public must prevail. This fact will furnish the keynote of any successful policy of control.

POLITICAL ASPECTS

Whereas coal has gradually come to furnish internal economic problems of the first magnitude, it has suddenly jumped into prominence, since 1918, as a factor in international politics. In this brief period the press probably has given the public more day-to-day "news" about coal than had appeared in the preceding generation.

There are good reasons for this new interest in coal as a force in foreign affairs. Political relations among important countries have become more and more the reflection of economic and commercial interests. "Dollar diplomacy" was the phrase which first brought this fact home to the mass of the American people. With the use of coal as the distinguishing feature of the new industrial, as against the old agricultural, organization of society, it was inevitable that coal should eventually figure in international questions. The lead in that direction was recognized years ago when class-rooms first began to hear the statement, "the nations which possess the coal and iron rule the world." So far had the world progressed from the days of Peter the Second, when "to control the trade of India was to control the trade of the world, and thus the world itself!" Singularly enough, the nation which did control the trade of India also controlled much coal and iron and was the first to base its economic life mainly on coal. Thus Britain verified the epigram.

The war has carried the notion a step further. First, it has been generally accepted that the chief cause of the conflict was economic and commercial ambition. The desire for "a place in the sun" is commonly translated to mean eagerness for unhampered expansion in industry and trade, and, consequently, in political influence; this expansion the use of coal made possible. Second, there is the belief that the outcome was decided when the United States, the greatest of industrial nations, entered the lists. How far other factors figured in precipitating the conflict and

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what other forces helped to determine the result are questions beyond the province of this discussion. The important fact in this connection is the common agreement that the natural results of industrialism based on coal were of primary consequence both in the cause and the outcome of the greatest conflict ever staged among civilized nations.

The Treaty of Versailles added the final touch in the process of making coal a first rate political issue. It was perhaps only natural that the first great economic war should be followed by a treaty in which economic consequences were provided for on a scale never dreamed of before. Reparations, in the form of specified deliveries of coal and coke to France, Belgium, and Italy, were a logical provision, first because of wilful injury done by German armies to French mines, and second because coal represented the one great exportable commodity which the Allied nations readily could take from Germany without undesirable effects on their own industries.

Provisions for "sanctions" or "productive guarantees" in the event of the non-fulfilment of treaty obligations not unnaturally opened the way for the possible occupation of the Ruhr district, partly because it is a convenient and desirable industrial center to seize, and partly because the output of the Westphalian coal field is vital not only to the reparations coal deliveries but also to the whole economic organization of industrial Germany.

Finally, the transfer of coal fields by the treaty, as in the cases of Silesia, Teschen, and the Saar basin, was in some ways an unavoidable aspect of relocating European boundaries. But in other ways it has magnified the importance of the political control of these resources. Under former conditions a certain degree of balance between the coal output and the dependent industries had been established as a result of long processes of economic adjustment. That balance of interrelations has been disturbed by the shift of boundaries.

It may be argued that as coal is a readily transportable commodity it should quickly find its way along the old channels to the points of former consumption. But in practice the matter does not seem to work out that way. The newly acquired resources of coal seem to be looked upon as a means of developing added economic strength for the countries where they now lie rather than for contributing industrial sinews to neighboring nations to which the coal formerly belonged. For the time being,

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therefore, the recasting of the political map of Europe has left industries without the coal by the aid of which they developed, and coal without its associated and dependent industries. The effects of this disturbance on the established economic order are seen in a disorganization of industry and the retarding of a recovery of trade just at the time when it is so badly needed to heal the scars of a devastating struggle.

In the brief space of six months the Ruhr affair has sufficiently disorganized the coal trade of western Europe to work considerable injury to almost every other line of trade. Emergency demands to fill the gap in coal production have made prices soar. In Britain, for example, where the effects of this demand have been felt most, Welsh steam coals rose from 25 to more than 40 shillings per ton, while bunker coal at British ports jumped from 21 to 35 shillings. As a result all British industries suffer, for such prices are higher than they can bear and remain prosperous. Profits are disappearing and increasing complaints are heard that the country is facing a most serious condition. The only remedy is to be found in an early correction of the whole coal situation.

However the Ruhr problem may work out, it would be absurd to ignore the possible future consequences of interfering with European coal supplies. Europe must be thought of as a vastly complex industrial organization in which coal is the indispensable factor. The various nations which are a part of that organization are separately and jointly being urged on by the driving force of economic interest to develop and satisfy national ambitions. The opportunities of all of them are largely limited by whether or not they possess coal or have freedom of access to adequate supplies of it. Supplies of coal from outside Europe unfortunately are out of the question, and alternative sources of power seem inadequate to solve the problem. In the contest for control of this cheap and convenient source of mechanical energy there is room for much trouble and future conflict.

To assume for an instant that a way out will not be found would be far too pessimistic. But it must be confessed that the question of coal supplies has ceased to be a purely economic matter of merely local interest. The coal question as it is developing in Europe is an international issue of major importance; and as Europe stands in relationship to the rest of the world today there are few nations which are not concerned in the answer.

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THE PEOPLING OF THE BRITISH EMPIRE

By Harold Cox

OF LATE years there has been in England an increasingly active discussion of the necessity for a better distribution of population between the Dominions and the mother country. The English press and the English public have awakened to the fact that the mother country is overcrowded and that the Dominions are relatively empty. The overcrowding is specially marked in that portion of the British Isles that bears the name of England. The population of Scotland is relatively small and increases slowly; the population of Ireland has steadily declined since the potato famine of the middle of the nineteenth century, and in 1911 was smaller than that of Scotland. Owing to the rebellion it was impossible to take a census in Ireland when the census of Great Britain was taken in 1921, so that we cannot precisely ascertain how the population of Ireland was affected by the cessation of emigration during the Great War. But neither in Ireland nor in Scotland is there any such serious excess of population as in England.

In 1911 the number of persons to the square mile in England and Wales was 618; in Scotland only 157; and in Ireland 136. The population of England still continues to increase rapidly, both from the excess of births over deaths and from the influx of migrants from Ireland and Scotland. Therefore to get a true picture of the overcrowding of the mother country in comparison with the emptiness of the self-governing Dominions it is better to concentrate attention on England. In the following table, therefore, the population and area of England, and the number of inhabitants per square mile, are contrasted with the population, area and number of inhabitants per square mile of the various self-governing Dominions. (The principality of Wales is usually linked with England for statistical as well as for administrative purposes, but for convenience the figures for Wales are here given separately.)

	Population	*Area sq. miles*	*Number per sq. mile*
England	35,679,000	51,000	699

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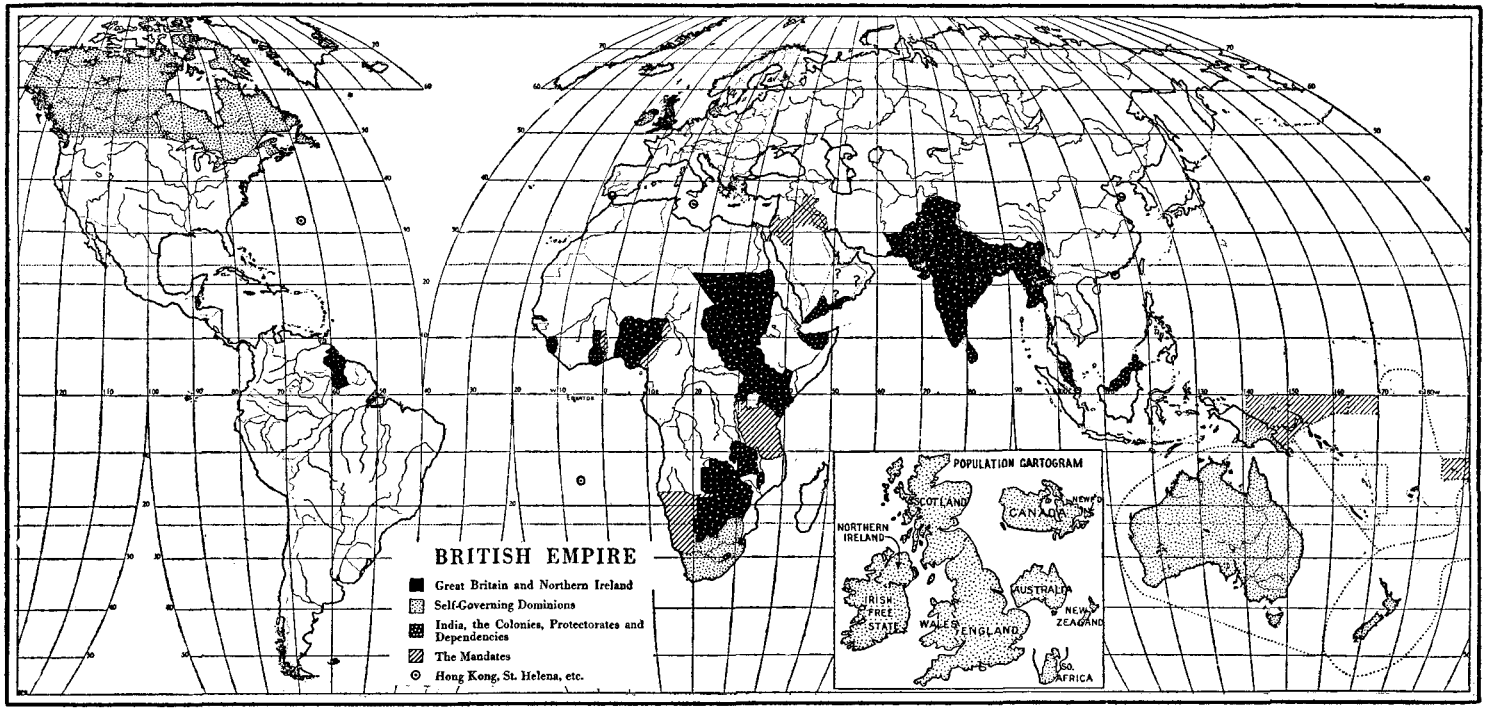

Compiled by Col. Lawrence Martin, Washington, D. C.

The area of the British Empire and Mandates totals 13,356,751 square miles; the population, based chiefly upon the censuses of 1921 and upon recent estimates, numbers about 450,000,000. The small Population Cartogram inserted above gives a graphic view of the white population of the six self-governing Dominions, in which they are compared with each other and with Great Britain and Northern Ireland on a scale of population instead of on a scale of area. The map of the British Empire has been compiled, with the latest boundaries, on a base map prepared by J. Paul Goode, on the homalographic projection (interrupted) for the continents, copyright by the University of Chicago Press, 1918. Cartogram adapted from J. G. Bartholomew's "School Economic Atlas," 1918.

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	Population	*Area sq. miles*	*Number per sq. mile*
Wales	2,207,000	7,000	315
Scotland	4,882,000	30,000	162
Northern Ireland (estimated)	1,284,000	6,000	214
Irish Free State (estimated)	3,160,000	27,000	117
Australian Commonwealth	5,437,000	2,975,000	1.8
New Zealand	1,200,000	105,000	11
Canada	8,788,000	3,730,000	2
Newfoundland	259,000	43,000	6
Union of South Africa	5,100,000	472,000	10
	32,317,000	7,395,000	4·4

It will be seen that England alone, with an area of only 51,000 square miles, has a larger population than all the rest of the self-governing territories of the British Empire with a territory of 7,395,000 square miles. If white populations alone were taken into account the contrast would be even more impressive, for a very considerable portion of the population of South Africa consists of indigenous races at a low level of civilization. The colored population of the South African Union far exceeds in numbers the white population of Anglo-Saxon origin that is scattered through the other portions of the British Empire—in India, the Straits Settlements, Hongkong, the West Indies, and various parts of Africa. These white administrators and merchants and planters only number a few hundred thousands all told.

The broad fact that emerges is that England alone contains considerably more than half the white population of the whole British Empire.

How then does it happen that, in spite of the marvelous existing facilities for locomotion, so many millions of the people of the English race remain crowded at home, while there is apparently limitless space in other parts of the Empire where they could settle under their own flag?

Take as a typical illustration of the bearing of this question the contrast between New Zealand and England. The climate over the greater part of New Zealand is temperate and thoroughly suitable to people of the English race; the soil is fertile; there are many natural harbors making communication easy; there are wonderful varieties of scenery to help to make life enjoyable.

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Yet New Zealand with twice the area of England has barely a thirtieth of the population.

When we pass to Australia the comparison—though the magnitude of the figures makes it more striking—is less conclusive. For a considerable part of Australia consists of barren land, and other parts are, on account of the climate, unsuitable for settlement by people of English stock. But even when all allowance has been made on this account there remain many millions of acres in Australia capable of yielding a good return to the cultivator, but as yet untouched.

The same proposition holds good for Canada. It is true that in many parts of Canada the severity of the winters involves a strain which people accustomed to the mildness of the English climate cannot long endure, and that is probably the reason why the proportion of Canadians of Scottish descent is relatively large. But in spite of the severity of the winters a considerable and steadily growing population lives and thrives in Canada, so that climatic considerations alone will not explain the smallness of the population of Canada as compared with that of England.

The truth of the matter is that in contrasting the overcrowding of England with the lack of population in the Dominions we are in the presence of a world-wide problem, not one peculiarly English. England is overcrowded not because the cultivators of her fields are too thick on the ground, but because she has developed urban industries which create employment for a much larger population than her soil can support. These urban workers are packed into large towns; they live in narrow streets, seldom visited by fresh air or full sunlight. They may have developed a town instinct which makes many of them indifferent to a stuffy atmosphere and even appreciative of incessant noise; but the possession of that instinct does not compensate them physically for the loss of the conditions needed for the development of health and strength. During the Great War a very large part of the male population had to be examined to test their fitness for military service. The largeness of the proportion rejected as unfit was a sufficient demonstration that the present conditions of life in England do not tend to the promotion of a vigorous physique. Roughly, about eighty percent of the whole population of England is living in towns or urban districts. In a word, the over-population of England is due to the excessive development of urban industries and urban life.

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A similar consideration affects the whole problem of the world distribution of population. It is true that few if any other countries have such a large percentage of urban inhabitants as England has, but in practically every country in the world the percentage of urban dwellers is increasing. One of the outstanding facts in the movement of population in the United States is the rapid growth of great cities. New York is, of course, the most striking example. Within the brief period of thirty years (1890 to 1920) the population of New York City increased from 2,507,000 to 5,620,000. Chicago, Detroit, Cleveland, Pittsburgh, San Francisco, tell a similar tale. According to the American Statistical Abstract for 1920 the urban population of the United States increased from 40 percent of the total in 1900 to 51.4 percent in 1920. Yet the United States still possesses vast areas of fertile land as yet unploughed or capable of fuller cultivation.

In Canada an identical movement from country to town is in progress. As recently as 1891 the rural population of Canada was twice as great as the urban population; according to the census of 1921 the rural and urban populations are now almost exactly equal. In the interval of thirty years the Canadian rural population had increased slowly from 3,296,000 to 4,436,000; the urban population had increased rapidly from 1,537,000 to 4,353,000. Yet during this period great efforts had been made by numerous immigration agencies to bring settlers from Europe to establish themselves not as town dwellers but as cultivators of the Canadian soil. In spite of these conscious efforts, and in spite of the opening up of vast new areas of land by the development of railways, the growth of the rural population is relatively slow. Indeed, in some provinces of Canada the rural population is actually declining. It has declined appreciably in Ontario and Nova Scotia, and slightly in the French province of Quebec. Meanwhile the Canadian towns continue to grow. Happily there is a growth in the number of rural settlers in the newly developed province of British Columbia.

Turning to Australia, we find an even more striking example of the townward tendency of the human race. In 1921 the population of the great continent of Australia, together with the island of Tasmania, was 5,437,000, of whom no less than 2,338,000, or 43 per cent of the total number, were living in the six capital cities of the states that make up the Australian Commonwealth. Yet Australia has an immense area of still undeveloped

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land. To bring back the comparison to England, it may be added that the whole population of this great undeveloped continent, with Tasmania thrown in, is less than the population of what is known as Greater London. The forces which built up towns rather than farms in Australia are simultaneously at work adding house to house and street to street in the metropolis of the Empire, till Greater London possesses a population of roughly seven and a half millions of people as compared with five and a half millions for the Commonwealth of Australia.

What, then, are these forces which all over the world are driving human beings from the country to the town? They are both material and mental. On the material side the most important fact is the application of machinery to agriculture. As long as man's only implement for tilling the soil was a wooden plough, the amount of human labor required to produce a modest crop was so great that the larger part of the population of every country was compelled to engage in agriculture. With the improvement of the plough and the development of machinery for reaping and threshing, less human labor is needed, and more people can be set free to do other work. In a word, primitive man had to give practically all his time to producing food for himself and his family; civilized man—or perhaps it would be better to say mechanized man—can obtain his food with a much smaller human effort. If mechanized man could secure the use of a plough and other implements gratuitously, and if he were content to live the simple life of his primitive ancestors, he would spend a few days in tilling and in reaping and the rest of the year in placidly enjoying his plentiful supplies of food. But human beings are not made like that. In the mass they are so made that as soon as one desire is satisfied other desires are developed. The human desire for food is quickly satisfied, for it is necessarily limited by the size of the human stomach. But other human desires, taken in the aggregate, are limitless; they succeed one another in a stream that only ends when the human imagination ceases to function. Consequently, as the amount of labor required to produce the necessary quantity of food is diminished the resulting surplus of labor is diverted to the production of other things to satisfy other human desires. Most of these other things that men and women desire do not require any great amount of land for their production. They can generally be better produced where population is compact, so that the ad-

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vantages of division of labor can be secured and mechanical power can be economically developed.

This, in brief, is the material reason for the townward drift of mankind. In addition there is a mental reason. Man is a gregarious animal. He wants—and she even more wants—the society of other human beings, and that society is obtained to a greater advantage in towns than in rural districts. This consideration has a very great influence on the question of emigration. People who have been accustomed to town life, or even to village life, cannot endure the complete isolation of a solitary farm on a back block in Canada. Quite a considerable number of women in Canada who have attempted to live in such solitude become mentally unbalanced. More generally the desire for society and for the mental stimulus which it provokes leads people of all classes to prefer a foothold in a town to space and comfort in the country.

Taking into account this mental factor as well as the material factor, it becomes clearly evident that the distribution of population throughout the British Empire is dependent upon urban rather than on agricultural considerations. Unfortunately, few English or Colonial politicians seem yet to have faced this fact. All the schemes for inter-imperial migration now being discussed in England are based upon the supposition that the way to move population is to develop agriculture.

It is sufficient here to mention the most recent and the largest of the Australian schemes now pending. This is a scheme which has been put forward on the joint authority of the governments of New South Wales, of the Australian Commonwealth, and of the United Kingdom. It contemplates the establishment of 6,000 settlers in the State of New South Wales in the course of four or five years. Even if these settlers all had families, the actual number of persons concerned would be insignificant in comparison with the present population problem in England, for the excess of births over deaths in England is about 6,000 in a single week. But it is anticipated that many of the prospective settlers will be boys of 18; provision is made for teaching them the work of farming in Australia at the public expense before they are settled on the farms, which are to be prepared for them, also at the public expense. The total estimated cost of the scheme is £9,000,000, to be divided between the three governments concerned in agreed proportions. At this rate of expendi-

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ture it would be necessary to expend not merely hundreds, but thousands, of millions of pounds before any appreciable reduction could be effected in the present excessive population of England.

The defenders of this and of similar schemes argue that experience shows that the growth of a rural population itself stimulates the growth of a local urban population to meet the needs of the surrounding farmers. That is largely true as regards past developments. Many of the towns in England began as markets where farmers could exchange produce; many still remain merely commercial centres with the addition of such domestic industries as tailoring, house building, and so on. In the same way, in Canada many small towns have come into existence to supply the commercial and industrial wants of the farmers in the neighborhood. To this extent it is true that a rural population attracts an urban population. But the process is necessarily a slow one, and even when complete does not amount to much, so far as numbers are concerned. In a country where agriculture is carried on with the aid of modern machinery very few human beings are required for the cultivation of a very wide area of land, and consequently very few or very small towns will suffice to meet all the local needs of this widely scattered rural population. Under modern conditions the growth of population depends on the development of manufacturing industries to supply the multitudinous wants that man develops as soon as his need for food is satisfied. It follows that if any appreciable change is to be made in the distribution of population throughout the British Empire it is to the movement of industries, not to the development of agriculture, that we have to look.

To a certain extent this fact seems to be appreciated, though somewhat vaguely, in the self-governing Dominions. In all the Dominions there is a strong movement for giving tariff protection to local manufacturing industries for the declared purpose of encouraging the development of such industries. On the other hand, when the question of immigration is considered the Dominion governments almost without exception insist that they only want agricultural immigrants. It may be, therefore, that the policy of industrial protection which the Dominions have adopted is due rather to immediate political influences than to ultimate economic considerations. Every local industry wants protection for its own benefit, and it can generally bring sufficient pressure to bear on local politicians to secure what it wants. On

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the other hand, the urban workers, knit together by strong trade unions, are resolutely opposed to the immigration of urban workers from England, for fear that the incomers might be willing to accept lower wages. Thus, on the one hand, the Dominions give tariff protection to local manufacturing industries for the professed purpose of assisting their development; on the other hand, the Dominions oppose the immigration of urban workers without whose aid any great development of local manufactures is impossible.

An interesting consequence of this inconsistency is the action of the Dominion governments in appealing to the mother country to give tariff preferences to colonial grown food. This request is defended on the superficially plausible ground that the Dominions grant a preference in their tariffs to goods produced in Great Britain, and therefore Great Britain ought to respond in the same spirit. The answer to this argument is that colonial tariffs are primarily designed to shut out British as well as foreign manufactured goods, and that consequently the preference is of comparatively little use to the British manufacturer. On the other hand, it is of supreme importance to the urban workers of Great Britain that they should be able to get their food as cheaply as possible, for otherwise their cost of living would rise. They would then either have to accept a lower standard of living, or by demanding increased wages they would have to risk the danger that the increased cost of production might render the industries in which they were employed unable to compete in foreign markets.

From a political point of view the proposal to tax the British workman's food in order to give a preference to the colonies is extremely dangerous. It involved the Conservative Party in the year 1906 in the greatest disaster it had ever experienced, and is not likely to be put forward again by any political party in Great Britain. Nor is the colonial demand for reciprocal preferences by any means unanimous. The Sydney *Herald* urges Australians to remedy defects at home before appealing to the British taxpayers to help them: "The British taxpayer already pays for our defense; is he also to pay for the maintenance of our farmers under present conditions?"[1]

This tariff controversy, however, is a matter of less importance than the question of the general policy at which the Dominions

[1]Quoted in London *Morning Post*, July 10, 1923.

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and the mother country should jointly aim, in order to relieve England of her excessive population and to provide a larger population for the under-peopled areas oversea. If the preceding argument has been followed, it will be seen that the only hope of securing any large movement of population lies in the transference of manufacturing industries. To suggest that this is an easy thing would be inexcusably foolish. Great industries spring up in a particular locality because the local conditions are favorable to their development. The Lancashire cotton industry, the most important of English export industries, began with the utilization of water power; was rapidly extended when steam power first became available; continued to expand owing to the cheapness of child labor; and gradually established itself on the hereditary skill of the local population, aided by the moist climate of the county. It is not easy to see how any large part of this industry could be transferred to Australia, which has no special climatic advantages and where labor is dear. Conceivably, however, it might be possible—if the local trade unions would permit the movement—to establish in Australia a number of cotton mills which would specially devote themselves to the wants of the local market and would take with them not only their English machinery and English directors, but the whole staff of English operatives. To bring about such a movement would undoubtedly require active assistance from the colonial governments; but the cost would probably be less than the cost of the schemes of land settlement now under consideration, and the results achieved in the matter of movement of population would be immensely greater.

The advantages of such a wholesale transference of industry would be specially great in cases where the new country is already in a position to provide the raw materials of the industry. The woolen industry furnishes a specially striking example. The production of wool is one of the principal features of Australian Agriculture, and the export of entirely raw, or "greasy," wool is the largest single item in the Australian export trade. There is also a very considerable export of wool that has been scoured and washed, but not in any way manufactured. In the first six months of the year 1922–23 the value of raw wool thus exported was nearly half the value of all the exports of the Australian Commonwealth. On the other side of the account Australia imports very considerable quantities of woolen manufactured goods

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from Europe and America. A few woolen factories have already been established in Australia, but it ought to be possible greatly to extend the manufacturing industry. It is interesting to note that the more far-seeing Australians are aware that this extension cannot be secured merely by protective tariffs. The Director of the Australian Bureau of Commerce and Industry in his report for the year ending June 30, 1922, says: "Something more than a tariff is needed quickly to establish this industry. I believe we can get more Baldwin and Patons, more Kelsall and Kemps, more Whiteheads, more Gaunts, to come to this country with their much valued experience and plant and skilled operatives."

On a smaller scale the same considerations apply to the leather industry. Australia produces large quantities of skins and hides, but her leather manufacturing industries are very limited. It ought to be possible by carefully planned action to secure the establishment in Australia of leather factories on a much larger scale. These would provide a local market for skins and hides produced by the rural population and in turn would supply the local people with the leather they required. It might be necessary to subsidize the industry for some years, but such a subsidy would, as already argued, produce much more tangible results than are ever likely to be obtained from the larger sums that it is proposed to spend on agricultural settlers.

There is another aspect of the possibilities of Australian development to which reference must be made. Over a considerable part of Northern Australia the climatic conditions forbid the employment of white men upon hard manual work; but the white men who live in Southern Australia are insistent that the whole continent shall remain white. The attitude of mind which leads to the insistent and passionate demand for a White Australia is not responsive to argument. It rests upon a racial feeling that is stronger than any rules of logic. If, however, the policy of a White Australia is maintained a large part of that huge continent will remain permanently unpeopled. In the abstract this is not a matter over which many tears need be shed. There is no moral obligation upon the human race to fill to overflowing every corner of the earth. On the contrary it is better for mankind that a good many spaces should be left empty. The solitude of the desert is a wholesome relief to the clamor of the city.

But the problem of the northern territory of Australia cannot be approached merely from an aesthetic point of view; in the near

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future it may create a grave international issue. Not far distant from the coast line of Northern Australia dwells an enterprising race packed into two or three over-crowded islands. Unless the people of Japan have the wisdom to reduce the rate at which their population grows—thus peacefully raising their standard of living—they must devote their energies to preparing for new wars so as to be able to overflow into the territory of their neighbors. China is Japan's nearest neighbor, but Chinese territory is already well filled. A little further south lies Northern Australia, empty of inhabitants and suitable for colonization by the Japanese. If the protection of the British navy were withdrawn it would be impossible for Australians to resist the well-organized naval and military forces of the Japanese Empire. The figures showing the contrast of populations and areas are sufficiently impressive without a word of comment:

	Sq. miles	*Population*
Australian Commonwealth . .	2,975,000	5,437,000
Japanese Empire	261,000	77,007,000

In face of the threat which this contrast implies, some Australians are beginning to ask[2] whether it would not be wiser to abandon the policy of a White Australia so far as the northern territories are concerned and to import from India, or elsewhere in Asia, colored races who can work under tropical or semi-tropical conditions. With the aid of such colored races the agricultural development of large areas would become possible, and that development would in turn facilitate the further expansion of the white population in the south.

For example, the production of sugar is one of the ascertained possibilities of the more northerly regions of Australia, but the attempt to produce sugar with white labor is an economic failure. It is true that a certain amount of sugar production is carried on in Queensland, but the industry can only be made to pay by the exclusion or high taxation of foreign sugar; with the result that the rest of the Australian community suffers heavily from the artificial maintenance of a local sugar industry. In particular, the fruit growers of the south complain that sugar is so dear that they cannot afford to develop the jam industry. It was recently stated at a public meeting in Tasmania that jam could be imported from England and sold in Australia at lower prices than

[2]See article on "Tropical Australia," *Edinburgh Review*, July, 1923.

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the Australian jam maker could afford to sell, although he had an abundance of cheap fruit growing close to his factory.

The question of cotton is equally important. There is little doubt that Northern Australia could produce large quantities of high grade cotton, but it cannot be grown and picked without the aid of colored labor. Australia would certainly be in a better position to develop the manufacture of cotton goods if she were herself a producer of raw cotton. Apparently, however, these considerations make little impression on the general attitude of the Australian towards colored labor. The demand for a White Australia is indeed so powerful that the Australians even object to the steamers of the P. and O. Company carrying Lascar sailors.

To emphasize, in conclusion, the general argument underlying this article: The main point on which the present writer wishes to insist is that if conscious steps are to be taken to secure a more even distribution of population throughout the British Empire, those steps must be guided by the economic fact that large populations are only possible in industrial areas. If England is to relieve herself of her present burden of over-population, she must deliberately direct her efforts to transporting her industries as well as her inhabitants to other parts of the Empire.

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UNITY OF COMMAND AMONG THE CENTRAL POWERS

By General von Kuhl

ON JULY 14, 1922, there was unveiled at the City Hall of Beauvais, a French town midway between Paris and Amiens, a memorial tablet commemorating the fact that in this place, on the 3rd of April, 1918, General Foch was charged with "the strategic direction of military operations." The French are well advised in commemorating that day, and the celebration at Beauvais is fraught with special significance. The act of conferring upon General Foch the supreme command over the Allied forces marks a turning point in the World War, the importance of which may well be likened to that of the battle on the Marne.[1]

On both sides the World War had the character of a coalition war. The military history of all ages teaches how extremely difficult it is in a war of that type to subordinate to the higher demands of a unified command the rarely harmonizing interests of the individual allies. In the campaign of 1866, Moltke had figured that the interests of the Austrians and the South-German states would clash on a good many points, and subsequent events showed that he was right. In the World War, the German offensive of March 21, 1918, in the region of St. Quentin, was directed against the British right wing and the point of junction where the French section of the front joined that of the British. This was indeed the most vulnerable point of the enemy. The same course of action had already been followed by Napoleon in Italy when, in 1796, he broke through the Piedmontes-Austrian line, calculating that the Piedmontese would, in such an event, retreat toward their capital Turin, whereas the Austrians would follow their line of communication and retreat toward Milan. So in March, 1918, after the German attack had opened a breach, there was indeed danger for the Entente Allies that Field-Marshal Haig would fall back in the direction of the Channel ports and General Pétain upon Paris.

It was in this critical situation that the British, in the conference of Doullens on March 26th, suppressed their doubts and misgivings as regards placing their own forces under French command, and agreed that General Foch be charged with the

[1]See "The Evolution of the Unified Command," by Gen. Tasker H. Bliss, FOREIGN AFFAIRS, Vol. I, No. 2.

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duty of coördinating the military operations of the Allied armies on the western front. Subsequently, on April 3rd at Beauvais, he was charged with the "supreme strategic direction of operations;" and finally, on April 24th, he was given "supreme command over the Allied armies." Thus a change of method had been completed which was to have a decisive influence upon the further course of the war. General Foch succeeded in centering the entire interest of the Allies upon one point, Amiens, so that the front at that place could be strengthened and the opened breach closed again. From then on, unity of command on the Allied side was assured.

A like unity of command was never attained by the Central Powers. Germany was the strongest among the Central Powers. It would have been but right and fair to put the supreme command into her hands, to place the Austro-Hungarian forces under her control. But the Austro-Hungarian High Command was too much concerned about the prestige of the monarchy on the Danube to agree. Developments during the war made it necessary for the Germans to come to the assistance of their Austrian allies in increasing measure. Gradually an arrangement was made for a unified common leadership in the form of a Supreme War Council (Oberste Kriegsleitung) which, however, was only in the nature of a half-and-half measure and did not mean that the Austro-Hungarian forces were unconditionally placed under the German Commander-in-Chief. Toward the end of the war, under the unreliable Emperor Charles, it even came to such a pass that Austria-Hungary's loyalty as an ally began to waver in an alarming manner.

In the following lines an attempt will be made to examine and set forth in what a decisive manner the conduct of the war by the Central Powers was influenced by these circumstances.

When the World War broke out the Central Powers had no knowledge of the Franco-Russian Military Convention of 1892–94, by the terms of which France and Russia agreed, in case of mobilization on the part of the Triple Alliance or of any one member of that Alliance, to mobilize at once their entire forces and to employ them without delay in an energetic offensive. The object of this plan was, of course, to compel Germany to fight on two separate fronts simultaneously. However, without being cognizant of this convention, the Central Powers in 1914 took it for granted that in the case of a German-Russian war France too

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would promptly enter the lists against Germany. The only thing for Germany to do, therefore, was to prepare for a war on two fronts. She was threatened on both sides, while Austria-Hungary was threatened chiefly in the east. For Germany to take the offensive on both sides at the same time was clearly impossible. Finding herself between two enemies, Germany could not but decide to turn all her available strength against one of her opponents, while using as little strength as necessary to hold the other in check until he too could be taken care of. But before it was possible to decide against which of the opponents the initial offensive should be directed it was necessary to come to an understanding with Austria-Hungary. Obviously a common supreme command would have been of paramount importance for the drawing up of a plan of operations and for the actual execution of such a plan by the two powers. But it seems that the idea of such a supreme command was not even so much as conceived of, nor does it seem probable that unity of command could really have been secured prior to the war. It was not until the World War was well under way and the military situation required an ever increasing support of Austria-Hungary with German troops that negotiations towards establishing a unified supreme command were taken up.

The only thing, then, that could be done prior to the war was to arrive at a clear understanding regarding a common plan of operation. As a matter of fact, negotiations had been conducted for years between the Chiefs of Staff of Germany and Austria-Hungary without producing any definite and clear arrangements that would hold water if subjected to technical military analysis.

When, owing to Austria's annexation of Bosnia and Herzegovina, there arose in 1908–09 a political crisis which made war imminent, the Chiefs of Staff of both countries—General von Moltke and General Conrad von Hötzendorf—entered into the first discussions as to what to do in case it should become a joint undertaking.

Austria concurred in the plan that Germany should employ the bulk of her armies against France so as to bring about a decision there as promptly as possible. This achieved, considerable German forces were to be taken to the East and employed there together with the Austro-Hungarian troops in order to win a decision against Russia. Up to that time, it was agreed, comparatively small German forces—from 12 to 13 divisions—should

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engage and hold the Russians in East Prussia, who would presumably appear there in a strength of 19½ divisions, while Austria-Hungary would take it upon herself to conduct the war against Russia on the rest of the front unaided. Within this wide outline, either ally was to be free to carry on military operations as it saw fit.

It must be admitted that in consenting to this plan Field-Marshal von Conrad showed himself to be free from any Austro-Hungarian particularism and to hold a disinterested point of view. Nevertheless, the agreement did not meet the situation adequately and it was at least in part based on an insecure foundation. It was in no way suited to take the place of a supreme command. Conrad counted on a very early decision in France and prompt transfer of forces to the east. In fact, he thought himself justified in anticipating that the German reinforcement would arrive in the eastern theatre of war as early as forty days after mobilization, or thereabouts. It is true that Moltke expressed himself very guardedly, saying that it was not possible to fix any points of time except in a very general way; but he too acted on the supposition that probably a signal decision would be achieved in the west before matters on the Austro-Russian frontier would come to a head. Evidently it was still believed at that time that the Russian mobilization would be a comparatively slow process. At any rate, Moltke gave assurances that the offensive against France would be carried through with the greatest energy, and that any forces becoming available would be dispatched to the Eastern Front without delay. He added that Germany would not leave her ally in the lurch.

The difficult task, then, which fell to the Austro-Hungarian High Command was for it to take up the fight with the superior Russian armies practically single-handed and to hold out until the German reinforcements should arrive. It was Conrad's intention to solve this problem by taking the offensive and advancing between the Vistula and Bug rivers, but on the supposition that the few German divisions which were to concentrate right at the beginning near the eastern frontier would support his offensive by advancing from East Prussia toward the Narev along a line converging with that of his own advance. Moltke, naturally, had very grave doubts as to the feasibility of such an undertaking, inasmuch as the twelve or thirteen German divisions in East Prussia would, in all probability, be held back there by

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much stronger Russian forces. But by Conrad's insistent urging he was finally prevailed upon.

It must have seemed very doubtful even at that time whether it would be possible to live up to these agreements. Moltke's promises appear altogether too far-reaching if looked upon in the light of actual events. That the decision in France would come in three or four weeks and that the German reinforcements would arrive on the eastern front forty days after mobilization was, although not impossible, still extremely uncertain. Conrad ought to have known that himself. And even less justified was the hope that those thirteen German divisions in East Prussia would be in a position to undertake an offensive.

In 1909 the annexation crisis was amicably settled. But despite the grave doubts to which they gave rise those military agreements remained in force, in the form first made, through all the following years until and including 1914. However, General von Conrad, evidently realizing that the German divisions in East Prussia were far too weak a body to carry an offensive to the Narev, urged that they be augmented. A prospect was reluctantly held out by the German General Staff that this would be done. As a matter of fact, General von Moltke would have preferred it very much if the few German troops allotted to the east could also have been employed in the west. "If Austria," he wrote to Conrad, "needs all her forces to carry through the fight against Russia, the same is true of Germany in her struggle with France." But Conrad refused—and rightly—to entertain the idea.

Such, then, was the understanding as regards a common plan of operations with which the Central Powers entered the World War. The Austrian General Count Stürgkh, sent to the German General Headquarters at the beginning of the war as representative of the Austro-Hungarian High Command, took with him an order which showed that the Austrians were, in the main, following out the stipulations that had been made. It was stated therein that the German Army which had been assembled in East Prussia was to advance in a southeasterly direction upon Siedlece, simultaneously with the Austro-Hungarian offensive against the line Lublin-Cholm. However, a well justified limitation had been added, namely that the German Army in East Prussia might possibly itself be attacked by superior Russian forces, and that in such an event it must be its task to engage and

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hold the Russian forces there, thus facilitating the Austrian offensive.

Soon after the beginning of the war it became evident that the agreements regarding concentration and coördination of operations were inadequate. One cannot help feeling that an energetic supreme command would not have rested satisfied with the existing stipulations, but would have set about making a clearer distribution of the tasks of both armies. As it was, the failure of the Austrian offensive, right at the start, created an atmosphere of ill-humor between the two Headquarters which later on proved a great obstacle to the evolution of a supreme command.

All the military force that Germany was able to concentrate in East Prussia in August, 1914, amounted to only nine divisions of infantry. With these she accomplished all that was possible in the face of great Russian odds. But despite the Tannenberg victory an offensive in the direction of the Narev remained out of the question. Nor was the intended transfer of strong German forces from the western to the eastern front ever carried out. General von Conrad claims in his memoirs that the German failure on the Marne in September, 1914, made this part of the agreement ineffective. While the Austro-Hungarian armies, he says, obedient to the agreement, bled themselves to death in their struggle against an opponent numerically far their superior, the strong German forces which had been promised for a joint attack upon Russia failed to appear. In his opinion, the entire crushing burden thus created was thrown upon Austria-Hungary.

Still it is a question whether Conrad himself, by his own decisions, did not contribute toward the misfortune of the Austrian arms. Half of his force was first concentrated against Serbia, manifestly in the vain hope that it might be possible to restrict the war to Serbia. But he might well have known that such a thing was out of the question. Even before the first transports for the concentration of troops began to move there was no room for doubt that Russia would intervene. The subsequent concentration of troops against Russia was made in Central and Eastern Galicia. Although the hoped for assistance from Rumania in 1914 had failed to materialize, Conrad persisted in his intention to solve his problem by means of an offensive carried forward between the Vistula and Bug and calculated to prevent the Russians from marching against Germany or, through Silesia and Moravia, against the heart of the Austro-Hungarian Mon-

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archy. But the Russians appeared in the field with five separate armies, drawn up in a semi-circle around East Galicia, and started to advance along converging lines. It was extremely difficult for the Austrians to proceed against this formation in any one direction without being outflanked from some other direction. The Austrian High Command was, moreover, mistaken in its assumption that it would be able to gain a considerable lead over the Russians in concentrating its forces. It had hoped to anticipate the Russians in attacking and to swoop down upon them while they were still in the midst of assembling their troops. However, the Russians were ready for action sooner than had been expected. Whether under these circumstances Conrad's reckless offensive could still be justified, or whether it would not have been possible to find some other solution of the difficulty, is a question which shall not be discussed here.

In the further course of the war everything hinged on the question whether Germany and Austria-Hungary would succeed in concentrating their mutual strength on the decisive point in accordance with a single uniform plan. This was actually accomplished on the eastern front in 1915 during the comprehensive operation which began with the breaking through at Tarnow-Gorlice and ended with a signal defeat of the Russians, but it was achieved without there being any supreme command. Mutual conferences and arrangements were the substitute for comprehensive unity. For that purpose the German Headquarters had been transferred to Pless, near the Austro-Hungarian High Command in Teschen. To be sure, the views of the two Chiefs of Staff, Generals von Falkenhayn and Conrad von Hötzendorf, differed on more than one matter while carrying out this operation; still they managed to bring this campaign against Russia to a successful end without an over amount of friction. Thus the idea began to gain ground that the same method would serve equally well in the future, and the quest for a supreme command slackened.

But precisely at that time there was ample reason to make this demand as urgent as possible. In those very conferences and arrangements it had become more and more obvious that Falkenhayn and Conrad were two utterly different natures and that real teamwork could not be expected of them. The unfavorable personal relations existing between them corroborated Conrad in his fundamental unwillingness to place the Austro-Hungarian

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army and himself under a supreme command exercised by the Germans. Add to these personal reasons Conrad's anxiety for Austrian prestige, always first with him in everything, and we shall see why not only the establishment of a joint supreme command, but even the bare unity of operations was threatened. Emperor Francis Joseph, who adhered strictly to the alliance once formed with Germany, would probably not have objected personally to a supreme command in German hands.

Up to that time (1915), the negotiations aiming at the creation of a common supreme command had involved only Germany and Austria-Hungary. But when, prior to the beginning of the campaign against Serbia in the autumn of 1915, Bulgaria joined the Central Powers, new and grave difficulties were added to those already in the way. The immediate command over the German, Austro-Hungarian and Bulgarian troops which were to be employed in attacking Serbia was to be entrusted to the German Field-Marshal General von Mackensen. But which of the two High Commands, German or Austrian, was to be in supreme authority? Conrad demanded this position for Austria-Hungary.

The German authorized delegate in the Austrian General Headquarters, General von Cramon, who had to conduct most of the negotiations, reports on this point as follows: "Colonel Gantscheff (representative of Bulgaria) declared, shortly before the convention was made, that Bulgaria was not inclined to enter the war except under German supreme command. It is easy to imagine the reception that was accorded me when I came with this news to Teschen. Pleasant as always, but in an unmistakable manner, Conrad informed me that my efforts to persuade him were useless, that there was a limit to everything, and that he could not submit to any further humiliations. I asked him whether he would persist in this attitude even at the risk of preventing thereby the convention from being concluded. He replied that he would sincerely deplore such an outcome, but that his duty to his emperor, the army and his country required him to look out for Austrian prestige." After a long parley, a formula was at last found with which Falkenhayn, Conrad and Gantscheff declared themselves satisfied for want of something better. The military convention merely contained the statement that General von Mackensen would be Commander-in-Chief against Serbia; but nothing was said about the question as to which of the High Commands should have the right to give Mackensen instructions.

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In an arrangement, made merely between Falkenhayn and Conrad personally, this authority was conceded to the latter.

In the course of the campaign against Serbia, it soon became manifest that the solution of the problem, which had been adopted with so much trouble, was far from adequate. This was felt almost immediately after the subjection of Serbia, when the question arose as to whether or not to continue the campaign against Saloniki in an attempt to drive the Allies from the Balkans, and also against Montenegro. Conrad was in favor of doing so; he wanted to make a clear sweep of the Balkans. Falkenhayn opposed the project on the ground that the principal object of the Balkan campaign—the establishment of direct communication with Turkey—had been achieved. Although, formally, the supreme direction had been conceded to Conrad, it was natural that in such important operations, where the bulk of the work would fall upon the German troops, the German High Command should also have a say. Again it was demonstrated how unsatisfactory it was for the Central Powers to carry on operations merely on the basis of arrangements and personal promises.

In 1916 the question of unified command attained an importance nothing short of paramount. The thing which it was above all necessary to do was to gather together the principal forces of the Central Powers for a single big blow, and in every way to avoid a scattering of forces. No final decision had been reached in 1914 in the west, nor in 1915 in the east. Yet a final decision was absolutely necessary, otherwise the war would be protracted indefinitely. And that was just the thing which the Central Powers must avoid, for the effect of the blockade was weighing more and more heavily upon Germany, while England was gaining time to put her newly created divisions in the field. It was impossible that questions of such paramount importance, questions which were to decide the issue of the war, should be successfully settled simply by arrangements between Falkenhayn and Conrad. That could not be expected in view of experiences up to that time, and in view of the more and more intense personal antagonism between the two men. The result was that Germany and Austria-Hungary did not act in unison in 1916.

Conversations between the two Chiefs of Staff as to the plans for the spring of 1916 were begun in December, 1915. The Austrian General Staff at Teschen was in favor of an offensive

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against Italy. Falkenhayn objected to this on the ground that such an operation could not decide the war. Conrad, on the other hand, gave a detailed exposition in writing of the reasons which led him to make his proposal. He began with the statement that it was not wise to keep on waiting for a more propitious time and to allow the war to drag on indefinitely, because in that case the Central Powers would simply be crushed by the superior forces and resources of the Entente Allies, which were steadily developing and increasing. On the contrary, he said, it was imperative to force a decision by one big operation. Conrad admitted that a signal success in France would be a far better means of bringing the war to a victorious end. But he held that the two different operations could not be carried out simultaneously, and further that an attack upon France promised success only after Italy had been beaten and necessary forces set free. He added: "I say this not from a selfish consideration of Austro-Hungarian interests, which would demand the defeat of Italy first of all, but exclusively from the conviction that this is the only way for us to take if we wish to bring the common struggle for the existence of our two countries to a victorious end . . . I regard the offensive against Italy as the indispensable preliminary for the final decisive contest in which, for many urgent and imperative reasons, the Austro-Hungarian Monarchy must seek to win success before the year 1916 closes."

General von Falkenhayn held a different view. What he was planning for 1916 was an attack upon the French forces near Verdun. But he did not expect or intend this to be an operation which would decide the war. In fact, he deemed it impossible, in view of the superior strength and resources of the enemies, to inflict upon them a defeat severe enough to compel them to ask for peace. He thought Germany's strength should not be overstrained. His idea was to inflict upon the enemy the greatest possible damage with the least expenditure of human material. France, he hoped, would wear herself out in defending Verdun.

Thus it came to a parting of the ways between the two responsible leaders. In fact, they even concealed from each other their further intentions. General von Cramon, in his book "Our Austro-Hungarian Ally in the World War," recounts on this point that at the beginning of 1916 he was assailed in Teschen with questions as to what the German plans were, but in vain; for

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he was in no position to make any statements whatsoever, having been unable to obtain more detailed information from Falkenhayn. It was not until directly before the attack upon Verdun, which began in February, 1916, that Conrad was notified.

On the other hand, however, General von Cramon received the impression that Conrad was not so displeased at Falkenhayn's dissenting view as might have been expected, because he now had an excuse to undertake the Italian offensive independently, without the assistance of his ally. This impression is confirmed by statements by various Austrians that they had hoped to be able to dispose of their old hereditary enemy unaided. And, indeed, Conrad decided to start the offensive against the Italians without German support. He too kept his intentions strictly secret from the German High Command. In replying to repeated inquiries from the German liaison officer in his own headquarters, General von Cramon, he gave evasive answers, and waited until the end of April before he advised him that two armies were drawn up in Southern Tyrol ready for an offensive.

The development of the German attack upon Verdun, as well as of the Austrian offensive from Southern Tyrol, was not what had been hoped for.

In Italy a conclusive success could have been achieved only by a double attack coming from the Tyrol and the Isonzo at the same time. Such an operation might have succeeded in cutting off and annihilating the entire Italian army. Although that would not have decided the issue of the war, as Falkenhayn had realized, yet the elimination of Italy would have set the forces of the Central Powers free for the great blow in the west. But the Austro-Hungarian forces alone were not numerically strong enough for such a double attack. Hence it was necessary for Conrad, after Falkenhayn had refused his cooperation, to limit himself to the attack from Southern Tyrol. To carry this out, moreover, he was compelled to weaken the Austrian eastern front in Russia. Good divisions and much heavy artillery were transferred to Italy. After great initial successes, the offensive soon came to a standstill and finally had to be given up.

Meantime the storm which had been brewing in Russia had broken. Brussiloff's offensive inflicted, near Lusk, a serious reverse upon Austria's weakened eastern front. German assistance had to be asked for with great urgency. Although the German army was at that time engaged in very heavy fighting

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along the Somme, twenty divisions were sent to restore the situation.

Nor did the German attack upon Verdun justify the hopes that had been set upon it. It began on February 21st and during the following days proceeded quite successfully. The fall of the fortress seemed imminent. But in the end the French succeeded in holding their ground. On July 1st began the great English-French attack near the Somme, which brought permanent relief for the French at Verdun and taxed the German forces to the utmost. The attack upon Verdun grew weaker and weaker and finally had to be broken off altogether.

Thus both offensives, in Italy as well as near Verdun, met with the same fate. In either place a great success might have been achieved if the forces of the Central Powers had been properly coördinated. But to carry out the two undertakings at the same time was an impossible task. The incident demonstrated clearly that the cardinal mistake in the conduct of the war had been the absence of unified command. The matter became pressing, and at last the ball was set rolling. It was seen that successful cooperation between the two men then in charge, Falkenhayn and Conrad, was practically out of the question, and that change could be wrought only by establishing a higher authority.

The first measure which the events near Lusk made necessary was a reorganization of command on the eastern front. After numerous protracted discussions an agreement was reached at the end of July, 1916. Field-Marshal von Hindenburg took charge of the eastern front as far south as Brody.

After that, Enver Pasha and the King of Bulgaria suggested that the supreme command over the entire fighting force of the Central Powers be conferred on the German Emperor. But when General von Cramon submitted this proposal to General von Conrad the latter flatly refused—as Cramon reports—and telegraphed to Vienna the same day, asking to be relieved of his position. Emperor Francis Joseph declined to accept his resignation, and the negotiations were renewed. In the meantime Falkenhayn was replaced (August, 1916) by Field-Marshal von Hindenburg and General von Ludendorff. They too urged that the question of unity of command should promptly be settled. At last, in September, 1916, an arrangement was made. By the terms of this, the German Emperor was charged with the supreme command in order that unity in the execution of the larger opera-

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tions might be assured. In exercising this supreme command he was to have the assistance of the various High Commands. The orders and instructions of the Emperor were to be transmitted through the Chief of Staff of the German field forces.

Thus, in a form, a "Supreme Command" had been created. In reality, however, it was far removed in nature from a really rigid command, and remained so throughout the rest of the war. On the western and eastern fronts, Hindenburg and Ludendorff had perfect control of all war operations, as Ludendorff tells us in his memoirs. But with regard to the campaign against Rumania it was still necessary to come to terms with the other Allies, above all with Austria-Hungary. Under the Austro-Hungarian High Command in Teschen was the Army Group of Archduke Karl, holding the southern wing of the eastern front. This group was so dependent on the measures taken by the German High Command that the unity of authority was in no danger at this point. But the Italian and Albanian fronts were the exclusive field of operations for General von Conrad, and that meant a grave peril.

It was soon after this agreement had been concluded, namely on November 21, 1916, that Emperor Francis Joseph passed away. He had with unqualified loyalty adhered to the alliance with Germany and had been satisfied to know that the supreme command was in the hands of the German Emperor. The loyalty of his successor, Emperor Charles, was not as reliable. The young Emperor took personal command of the entire Austro-Hungarian army and, by this very fact, necessitated a modification of the agreement just made. This modification stipulated that the two Chiefs of Staff should in joint conferences decide upon the operations which were to be undertaken in common. If an agreement could not be reached, the decision lay with the two sovereigns. If they, too, were unable to agree, the decision of the German Emperor was to prevail. This meant, of course, a further weakening of the agreement of September, which had been inadequate as it was. Once again every decision had to be reached by way of conferences and negotiations.

General von Conrad found it impossible to reconcile himself to the new order of things. In February, 1917, his resignation was accepted, and General von Arz took his place.

The cause of harmonious cooperation among the Central Powers was not promoted by the new Emperor, as two events soon showed. It was through the fault of Emperor Charles that a

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secret report by Count Czernin, the Austro-Hungarian Foreign Minister, picturing the situation of the monarchy in the most gloomy hues, came in 1917 into the hands of the German deputy Erzberger and, through an indiscretion of the latter, to the knowledge of the Entente. The latter's will to victory and power of endurance were thereby greatly strengthened. In the following year it became known that in the spring of 1917 Emperor Charles had, in a letter and through his brother-in-law, Prince Sixtus of Parma, applied to President Poincaré, asking for a separate peace and promising to support France's "just demands for a return of Alsace-Lorraine."

These political events, and the resulting tension of relations between the sovereigns of the two Central Empires, could not but have an unfavorable effect upon the supreme command's harmonious conduct of operations.

It is true, there was not much occasion in 1917 to consider extensive joint operations; for the German High Command limited itself in that year chiefly to defense, awaiting the result of the U-boat campaign, which was expected to have a decisive effect upon the war as a whole. In the Western arena this attitude led to the great battles of defense on the Aisne, near Arras, and in Flanders. But meantime the situation in Italy took on a most critical aspect. The result of the fighting on the Isonzo front in the spring and summer of 1917 (the tenth and eleventh battles of the Isonzo) made it appear very doubtful whether it would be possible, in case of another battle, to prevent the Italians from breaking through, with the consequent loss of Trieste. The only means of forestalling this seemed to be a counter-offensive, which however required assistance from the Germans. Emperor Charles, from considerations of prestige, hesitated to appeal for such help, but finally consented. Seven German divisions were placed at the disposal of the Austrians. The brunt of the battle which now followed, and which resulted in breaking the ranks of the enemy near Tolmina on the Isonzo River, had to be borne by the German Fourteenth Army. The success was greater than had been expected, but for a decisive effect it would have been necessary to combine the Isonzo attack right from the start with an advance from the Tyrol. That had been impossible for lack of troops. But after the enemy had once been hurled back on the Isonzo front, it would have been possible to transfer such Austro-Hungarian forces as had become

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available there to the front in the Tyrol in order to start an offensive here too. General von Cramon recounts that the German General Headquarters favored this line of action, but refrained from pressing its view and did not avail itself of its right as supreme command, because it did not wish to meddle too much with affairs in "the Austrian theatre of war." This circumstance shows how loosely the reins of control rested in the hands of that supreme command.

The last year of the gigantic contest began. Both the contending sides realized that 1918 was bound to bring the decision. The situation had taken on an aspect more favorable for the Central Powers since Russia had collapsed in 1917 and the pressure on the Austrian front in Italy had been materially relieved. All the circumstances existing at the time seemed to urge that the Central Powers undertake another attack in order to force a decision. The longer the war continued, the greater must become the numerical superiority of the Entente, on account of the prospective arrival of the Americans. The conditions prevailing among Germany's allies made it appear very doubtful whether their strength and endurance would allow them to keep up the war much longer. Also, the effect of the blockade made it highly desirable to hasten the end. Once more every consideration demanded that all the available forces of the Central Powers be gathered together for an attack at the decisive spot. But again Germany and Austria-Hungary proceeded along different lines. The supreme command proved that it was not strong enough.

In the first negotiations, to be sure, it looked as if the participation of Austro-Hungarian divisions in the great offensive on the western front being planned by the German High Command would be arranged. A letter by General von Ludendorff, addressed December 15, 1917, to the Austro-Hungarian Chief of Staff, contains the following passage: "Your Excellency is aware of the enormous efforts which the French, the British and the Americans are making in order to snatch victory to themselves in the eleventh hour. In view of these facts we should be determined not to slacken our effort, but to strain every nerve, at home as well as at the front. The issue of these coming combats will decide the future of Austria-Hungary and Germany. Victory will be ours if, as hitherto, we stand firmly by each other." Accordingly, General von Arz was requested to use his influence to induce Austria-Hungary to assist Germany to the best of her

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ability in the decisive struggle which was impending in the west. In the first place it was asked that the German troops still employed on the Austrian front in the east be released by substituting Austro-Hungarian forces for them, and secondly that a fractional part of the western front be likewise taken over by Austro-Hungarian troops. The most urgent thing for the moment, it was stated, was that Austria-Hungary should help out with labor by transferring a contingent of pioneer troops to the western front.

It became manifest, however, that Austria was afraid she might hurt her prestige if she sent to the western front only pioneer troops. To the suggestion that Austro-Hungarian forces participate in the attack Arz assented; he wrote: "I thoroughly concur with your Excellency's view that in the spring of 1918 a decisive blow should be struck on the western front, for which it is impossible to gather too much strength. I am authorized by my Supreme War Lord to declare that Austria-Hungary's forces will most willingly participate in these combats." From further discussions, however, it appeared that Austria-Hungary was planning to send an independent army which was to be employed on the western front as a separate unit. To this the German High Command was unable to consent. At the time the German offensive in March began no understanding had been reached regarding the participation of Austro-Hungarian troops. Finally it was learned that such participation was not agreeable to Emperor Charles, because Empress Zita did not wish that Austrians should fight on French soil. It was apparently her personal objection which prevented the Teutonic allies from cooperating in France.

Inasmuch as direct cooperation of Austro-Hungarian troops on the western front had not been achieved, the only thing that left for the Austrians to do was to start an offensive on the Italian front by way of relief for the Germans in France. In this way Austria-Hungary might at least indirectly do something to help the decision in the west. Thus it came about that just as they had done in 1916 at Verdun and in the Tyrol, so also in the last decisive struggle of 1918 the Central Powers attacked at separate points.

The Austrian offensive in Italy began about the middle of June. It failed completely. Previous experiences might have taught the lesson that, without German assistance, great successes could

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not be won in Italy. In the western theatre of war, the German attacks on the Somme in March, in Flanders in April, on the Aisne in May and June resulted in considerable tactical success, but they did not succeed in breaking through the ranks of the enemy and bringing about a decision. The German High Command now insisted that the Austro-Hungarian Headquarters send all their available divisions to the western front because the German forces could not possibly endure the strain indefinitely. Upon the advice of General von Cramon, it was also promised that these divisions would be employed at decisive points because it seemed incompatible with Austrian prestige to employ the Austrians at quiet sectors of the front in order to release German forces for the fight.

As the need of assistance became more and more pressing, there was at last, on June 21st, an official request "on the part of the supreme command" and signed by Field-Marshal von Hindenburg addressed to General-Oberst von Arz, in which it said: "Speaking from the standpoint of the supreme command, I beg to express my view as follows: the Austro-Hungarian army should discontinue the attacks in Italy and dispatch all forces which thereby become disengaged to the western theatre of war . . . I indulge in the hope that your Excellency will appreciate this iron military necessity and will concur in my view." All that was asked for at first was six divisions. It is to be noted that even the "supreme command" could only express views and requests, and could not issue orders.

In July the first two of the Austro-Hungarian divisions began rolling toward the western front. Two others followed at the end of August and early in September. They were unable, at that late date, to stem the tide. The great change in the conduct of the war in the western theatre came at the middle of July, and from that time on the scales were turned against the Central Powers until the armistice was concluded in November.

It may well be said that among the numerous and varied reasons which led to the defeat of the Central Powers in the World War the absence of real and strict unity of supreme command played an important part. Germany and Austria-Hungary did not succeed in creating among themselves that unity of interests which is indispensable to success. How exceedingly difficult a thing this is to achieve is shown by the experiences of all coalition wars.

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WILSONIANA

By Simeon Strunsky

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I

ON MARCH 22, 1918, Ambassador Page wrote from London to Frank L. Polk at Washington:

"The most interesting thing going on in the world today—a thing that in history will transcend the war and be reckoned its greatest gain—is the high leadership of the President in formulating the struggle, in putting its aims high, and in taking the democratic lead in the world, a lead that will make the world over—and in taking the democratic lead of the English-speaking folk."

Ambassador Page, it is true, was writing only the day after Ludendorff had delivered his smashing blow against the British line in Picardy. Even an approximate understanding of what had happened could scarcely have reached London. Yet the blow had long been foreseen, and its possible consequences had not been minimized in Allied quarters. There is sufficient proof on that point in the prolonged, confused, and unsuccessful efforts to establish Allied unity of command. People were aware in the last days of March, 1918, that the crisis of the war was at hand. Nevertheless Walter H. Page felt justified in saying that the most important thing going on in the world at that moment was not going on behind the battle-fronts in France, but in the mind and heart of Woodrow Wilson at Washington.

This was the same Walter Hines Page who for nearly two years after the *Lusitania* had expressed increasing outrage and shame over the pusillanimity and criminal shortsightedness of Woodrow Wilson's foreign policy. Even after Bernstorff was handed his passports and our entrance into the war became certain Page was not sure that Woodrow Wilson would rise to his full duty. Only

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six days before Congress declared war, he drafted for his own use and satisfaction the now famous diagnosis of Woodrow Wilson and of the soul of America since August 1, 1914.

Page noted that Wilson began by refusing to understand the meaning of the war. The President visualized the war as a conflict between rival economic interests. He showed excessive toleration for Germany. He made neutrality a "positive quality of mind." He soothed the American people into a similar state of misunderstanding and of indifference to vital human issues. Isolating himself with his own conception of the war and with his ambitions to play the peacemaker, Wilson would not permit "the air currents of the world to ventilate his mind." He encouraged the people to supineness, until the people brushed aside his leadership and imposed their will upon him. "He is not a leader, but rather a stubborn phrasemaker."

Ambassador Page's fears on April 1, 1917, were not altogether baseless. The President did go into the war with the sense of engaging in an enterprise of limited liability. Page's protests and appeals to Washington against our Navy Department's leisurely approach to coöperation might be called frantic if the facts of the U-boat war and of military events following on Russia's collapse were not there to justify him. As late as March 8, 1918, the Ambassador wrote to Arthur W. Page on the menace of the philosophical pacifist. There is no mention of the President as belonging in that category. We do find an allusion to the kind of man "who does not clearly understand the nature of the war and the enemy," but it could not have been directed against Wilson. By this time we must assume that the President was putting enough heart into the war to satisfy Mr. Page, since it is only a fortnight later that Wilson's activity is described as the most important and heartening feature of the situation. What Page thought about Woodrow Wilson during the first six months after we entered the war will stand the test of criticism much better than what Page thought of him up to the time we entered.

That neutrality of phrase as well as of action which Page accused Wilson of practicing to the point of really suppressing freedom of thought and speech among the American people was not the vice or error of a stubborn phrasemaker and of a man isolated from the air currents of the world. It was the reflection of a prevalent state of mind among the American people. Page, it is true, might say that for this state of the popular mind

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Woodrow Wilson was responsible. But if that were the case, we must assume that among the victims of the Woodrow Wilson error was one Charles E. Hughes, who as late as the autumn of 1916 seemed as blind as Woodrow Wilson himself to the real nature of the war and the enemy.

Repeatedly Page wrote that if Woodrow Wilson were "here," in London, the President would better understand the meaning of the war. If the President were to feel as the English people felt, that life would not be worth living with a victorious Germany, there would be no chance of Wilson's losing himself in the philosophical ultimates of the war. Certainly there would then be no question of a policy of nag and nuisance carried on by our State Department against the British navy and the British blockade. But the simple answer, and the sufficient answer, is that America and Woodrow Wilson were not "there" in England, but here on our own side of the Atlantic.

One excellent test of Page's accusation of supineness against Woodrow Wilson is at hand in the letters of Franklin K. Lane. No one will discern in Lane's letters, as no one discerned in the life and personal and public utterances of that robust and courageous Californian, any traits of isolation from the fresh currents of the world. Lane was not a stubborn phrasemaker, and he certainly had no hungering sympathies with the principles of the pacifist Daughters of the Dove over whom Page was so bitter. Even before we entered the war, Lane showed in his work as member of the Council of National Defense none of that academic restraint which Ambassador Page detected in Secretary Daniels' conduct of our naval policy.

Yet the simple fact is at hand that this red-blooded Franklin K. Lane, who late in February, 1917, declared in Cabinet meeting that there was sufficient cause for going to war in Germany's treatment of the wives of American consuls, this Franklin K. Lane was converted to war only a few weeks ahead of Woodrow Wilson. And during the preceding two years and a half Lane's feelings and opinions traveled along with his chief—always supposing, of course, that Lane was not the victim of his chief's hypnotic supineness.

On March 3, 1915, Lane writes to John Crawford Burns, who in Italy held very much the same opinion about the Germans as Ambassador Page did at London:

"We are being generously damned by the Germans and the

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aggressive Irish for being pro-British, and the English press, people, and sympathizers in this country are generously damning us as the grossest of commercialists who are willing to sell them into the eternal slavery of Germany for the sake of selling a few bushels of wheat. Neither side being pleased, the inference is reasonable that we are being loyal to our central position." Ten days later Lane writes to Burns that he had been referred, the other day, to the episode of England's surprise attack on neutral Copenhagen in 1807 as a parallel to Germany's leap into Belgium, and that on looking the thing up in volume 10 of Corbett's *Parliamentary Reports*, he had found the parallel to be exact, with the British Government talking like Bethmann-Hollweg and the Opposition in Parliament talking like England to Germany today. On May 29, three weeks after the *Lusitania*, Lane writes to Burns: "England is playing a rather high game, violating international law every day."

In November Lane is more than impatient with "the idealists afflicted with an exaggerated ego, including Bryan, Ford, and women generally." But in May, 1916, he is still far from revealing himself as a fire-eater. "I favor telling Germany we will make no trade with her, and if she fails to make good her word we will stop talking to her altogether." In a pacifist that might almost have been interpreted as threatening Germany with a vehement slap on the wrist. It is only in February, 1917, early in the month, that we find Lane's mind parting company with the President's. With implied disapproval, but no more than that, he quotes Woodrow Wilson's statement in the Cabinet meeting of February 2: "The President said that he didn't wish to see either side win, for both had been equally indifferent to the rights of neutrals, though Germany had been brutal in taking life, and England only in taking property."

It is a possible interpretation of Woodrow Wilson's policies that he did feel the rights and wrongs of the war more definitely than Page imagined, and that Woodrow Wilson's patience was his own method of educating the country to participation on the right side. Did it ever occur to Ambassador Page that Wilson's nagging protests against Britain's blockade methods, that those "lawyer's notes" with which Lansing bombarded the British Government while Britain was fighting for her life, might have been only a strategic concession to that section of American sentiment which was against Great Britain? Let us suppose that

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Woodrow Wilson had set out to play a policy of Machiavellianism in favor of Great Britain, as he was, in fact, accused of doing. Would not his tactics be the very ones he followed?

To send notes to London without pressing unduly for an answer, but to send notes to Germany and insist, ultimately, upon an answer—what more would you ask of the head of a nation finding itself geographically, historically, and sentimentally, as Franklin K. Lane put it, in a "central position?" From this standpoint one should not lay undue stress on the President's remark in Cabinet that he did not wish to see either side win. The stress would rather fall on the distinction Wilson went on to make between Germany, which was brutal in taking life, and England, which was brutal in taking property.

But here a question arises. It concerns Wilson, the literary stylist.

Why should an acknowledged master of the English tongue, if my interpretation of the Wilson remark as above is correct, be guilty of framing a sentence in which the subordinate thought is headlined while the real point is relegated to a dependent clause, almost to an afterthought clause? Wilson was stating the basic truth; we did go to war because Germany took life while England only took property. Why then did Wilson phrase it so ineptly? The answer is twofold. In the first place, it would be good tactics for him, in accordance with the strategic theory I have outlined, to put the sting of his message in the tail. But in the second place, and reaching far beyond the specific instance, stands the simple fact that Woodrow Wilson is not the master stylist which even his critics concede him to be. The gift of perfect expression is not infallibly his.

I say this with full acknowledgment of Woodrow Wilson's high eloquence, in speech and in writing. He exercises a mastery over the music of words which is much more than the music of sound; it is the harmony of profound feeling and deep understanding voicing itself almost in reverie. It was my good fortune to hear him speak at the Guildhall in the early days of January, 1919, when it seemed to me that he was as one inspired. I heard him again at the plenary session of the Peace Conference when he made his plea for the League of Nations, and again he seemed to me to have reached the heights. And yet, in my opinion, Woodrow Wilson has repeatedly sinned against the supreme canon of style, if by that we mean the embodiment of a speaker's thought

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in a verbal form so perfect as to lift his message above the slightest chance of misunderstanding. For Woodrow Wilson has been frequently and tragically misunderstood.

"He is not a leader, but a stubborn phrasemaker," wrote Walter H. Page. If by a stubborn phrasemaker, Page meant a man who delights in fashioning verbal formulas and accepting them as a substitute for reality, then Wilson was not a stubborn phrasemaker. His phrases, on the contrary, too often gave evidence of having been wrenched forward by the pull of a passionately felt central reality in disregard of special circumstances of time and place. Sometimes it must have been sheer carelessness. There were times again and again when Woodrow Wilson's best friends could have cried out for some kindly revisionary hand to go over the message conveyed by the President's personal typewriting machine.

James Bryce was sad when he spoke to Walter Page on July 31, 1916, concerning the President's declaration that he was not concerned with the causes or objects of the war. Bryce said that British opinion was exasperated by the statement because it misunderstood. "He meant, I take it, only that he did not propose at that time to discuss the causes and objects of the war; and it is a pity that his sentence was capable of being interpreted to mean something else; and the sentence was published and discussed here apart from its context." Walter Page observed that "the body of the speech in which this remark occurred might have been written in Downing Street, so friendly was it to the Allies." "Quite, quite," said Lord Bryce. So here you have a case of the entire context of a Presidential utterance exposed to popular misunderstanding because of a few words of careless writing. If only Mr. Wilson had said: "I do not think it necessary, at this time, to go into the causes or consequences of the war!"

Careless authorship is responsible for Wilson's two most famous—and violently irritating—phrases: the "too proud to fight," and the "peace without victory." Mr. Wilson asserted that "there is such a thing as a man being too proud to fight," in the course of an address to a meeting of naturalized citizens at Philadelphia. That sentence was the climax in a speech of fervid exaltation of America as destined by its origins and its situation to rise above the jealousies and suspicions and narrowness of an unmitigated "nationalism." But it is unfortunate that the speech should have been delivered three days after the sinking of the

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Lusitania. I regard it as more than probable—to my mind it is certain—that Woodrow Wilson, when he drafted his speech, was not thinking of the *Lusitania*. But, nevertheless, he exposed himself to Don Marquis' bitter rejoinder that most Americans at that time found it difficult to think of anything else. It was dangerous phrase-making but not stubborn phrase-making. It was quite the opposite of stubborn. It was excessively spontaneous. The fact that three days after the "too proud to fight" he wrote to the German Government that we should hold it "to a strict accountability" did not save Mr. Wilson from his enemies.

Carelessness, plus unfair interpretation, enters into the "peace without victory" of January 22, 1917. Here is what he said:

"It must be a peace without victory. It is not pleasant to say this. I beg that I may be permitted to put my own interpretation upon it and that it may be understood that no other interpretation was in my thought. I am seeking only to face realities and to face them without soft concealments. Victory would mean peace forced upon the loser, a victor's terms imposed upon the vanquished."

Now, "victory would mean a peace imposed upon the loser" can signify two things. It can mean that the war ought to end without victor and loser, so that the resultant peace should be a negotiation between two equals in strength. But the phrase may also mean that the war ought not to end with the kind of peace that the victor usually imposes upon the vanquished. Wilson may have been urging the belligerent nations to call the war a stalemate and to make peace accordingly.

And finally it occurs to me that a master stylist might have drafted the famous Article X so as not to lend a handle to the Lodges and the Johnsons. Article X might have stated, in so many words, that the United States could not go to war without the consent of Congress and that America retained complete power to decide what were its moral obligations in every circumstance as it arose.

II

I have dwelt with what may seem excessive length upon Woodrow Wilson the phrase-maker and stylist, because the question enters so intimately into the popular conception of Mr. Wilson's character and of the nature of his services to the nation and to the world. It is the common statement—not always from

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hostile sources—that Woodrow Wilson was a master of words and a tyro at realities. It is my belief that history will reverse the popular verdict.

Wilson's conception of the right and necessary peace, even as it was translated into the imperfect form of the Treaty of Versailles, was true to realities because it related itself to the great antecedent reality, the war. He did not forget that there had been a war, which is more than can be said for a great many of his critics and his enemies. It is not too extreme to say that when Wilson bargained away certain of his principles at Paris or accepted defeat on certain of his principles, he was only the more faithful to his basic principle—the passionate conviction that out of the war there must be born an instrumentality to safeguard the world against a repetition of the great horror. He bought his League of Nations with a great price—at Paris. The pity of it is that he did not see fit to pay the comparatively trifling additional price which was demanded of him at Washington. It is a pity that Mr. Wilson would not yield to Henry Cabot Lodge on a matter of form when he had yielded so much in substance to Clemenceau and Lloyd George.

Wilson remembered that there had been a war. Too many of his opponents chose to forget that fact, and very soon after the armistice. These easy forgetters fall into two classes. One class would comprise those who, during the long period of our neutrality, had been bitterly vocal concerning Wilson's supineness; who were outraged by his "too proud to fight" and his "peace without victory;" who felt that there was no need of grubbing in search of the ultimate causes of the war, because it was plainly a war of Allied self-defense against a robber Germany, as Walter H. Page felt. To such critics of Wilson the war was, in kind, no different from other wars waged against aggression, and it was puerile to assume that any other problem was involved than the immediate task of beating down the aggressor. That achieved, a peace would be signed, the aggressor would be adequately punished, and the world would set itself to heal its wounds as it has done after other great wars, after the Thirty Years' War, after the Napoleonic wars. Justice having been vindicated, the world would proceed to get well with the aid of that eminent general practitioner, Time.

Now, the odd thing is this: Of the people who believed that Germany was only another case of that normal historic phenom-

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enon—an outlaw run amuck, to be dealt with by the police—of these very people a great many hastened to be among the first to protest when the normal sentence in such instances was pronounced at Versailles. If German iniquity in the war was what they had described it to be—and the consequences were visible in a white-bled Europe—then no sentence pronounced at Versailles should have been too severe. Yet you found too many people speaking of the "crime of Versailles" who only a year before were savage in speaking of the crime against Belgium. They had rejected Wilson's supine idealism. They had called for force and punishment. But when punishment came they were beset with an extraordinary tenderness for the criminal. And the reason? Well, we need not go so far as to say that most of these good people discovered iniquities in the Versailles treaty because Wilson signed it. Let us say that they had forgotten the war.

Another class of forgetters came from the opposite pole. They were the people who passionately rejected the doctrine that war has been and will be, and that this war was only a rather big-sized episode in an always-to-be-continued serial. They insisted that this must be a war to end war; that it must be made the prelude to the reconstruction of the entire scheme of international life. But when it came to the test—at Versailles—these men, too, forgot. They wanted their ideal omelette without the breaking of real eggs. And often they were not sure whether they wanted the omelette. They wanted national self-determination and ethnic frontiers. But when ethnology plainly indicated that part of Upper Silesia should go to Poland they discovered that the economic life of Germany and of Europe would be crippled by the loss of Silesian coal. Very well, then. Let us admit that the ethnic principle must be modified by the economic principle and that, in the fashioning of frontiers, here and there population blocks must reconcile themselves to foreign rule. But oh, no, said these objectors, not in the case of Poland. For Germany's economic life the coal of Silesia is essential. For the economic life of twenty-five million Poles, not even a single port—Danzig—is essential. Danzig is a crime. Very well, then. Let us say that a port is not an absolute necessity for a big new nation. Oh, no, said the objectors, there is Jugoslavia. If fifteen million Jugoslavs are deprived of Fiume, then the people will perish.

And so it went, until the suspicion became inescapable that among the idealist critics of Woodrow Wilson's behavior at Paris

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there was no lack of prejudice and of partisanship and of axes to grind. They had forgotten the war that was to end all wars. They were unwilling to pay the price that Wilson consented to pay, because he had not forgotten the war. And I suspect that one reason may be that they had smaller faith in their ideals than Woodrow Wilson had in his.

Woodrow Wilson made two kinds of concessions at Paris. He made concessions to the technical difficulties of shaping a new Europe and he made concessions to the spirit of greed. He yielded when his experts told him that you could not do justice to Poland without including some Germans in the new Poland, or justice to Rumania without including Magyars in the new Rumania. He yielded to greed when it came in the form of an argument—on strategic grounds—for giving 200,000 Germans in the Tyrol to Italy. He yielded in the matter of excessive reparations from Germany. But Wilson believed—and rightly—that he got compensation in the League.

Ray Stannard Baker's "Woodrow Wilson and World Settlement" is the apologia for the ex-President's record at Paris. Of the outstanding merits of the book as an admirably ordered narrative of the making of the peace and as a collection of illustrative documents, there is no need to speak at this late day. Mr. Baker's volumes are, of course, of the first value for a study of this critical and tragic period in world history. But what concerns me at the present moment is not the matter of Mr. Baker's book, but its manner. The dominant impression I have carried away from it is less of apologia than of apology. The author is excessively on the defensive in behalf of Mr. Wilson. There is too much deprecation and not enough proud-lipped justification. In the seventeenth century style the Baker story might have had for its sub-title "A Candid Statement of the Compelling Reasons Wherefore President Wilson Failed at Paris." But I do not see why Wilson's historian should adopt that tone. Between failing to achieve all that you set out to accomplish and Failure there is a difference. Mr. Baker does not stress this point sufficiently.

And the reason would be, as I see it, that Mr. Baker too frequently lends himself to classification in that second category of Wilson critics I have mentioned—the idealists who in their own way have forgotten that there was a war. Take the liberation of oppressed nationalities. The principle of self-determination for which generous minds were aflame during the last eighteen

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months of the war—say, after the first Russian revolution—suffered an extraordinary cooling off in these same minds immediately after the armistice. From the manner in which liberals these last five years have spoken of the "Balkanization" of Europe and of the French "satrapies" in Central Europe, you would never imagine that once upon a time they were ardent for the restoration of Poland, for the liberation of the Hapsburgs' northern and southern Slavs, for—well, self-determination.

How to make omelettes without recovering the stolen eggs, how to salvage the oppressed without hurting the oppressor, how to vindicate nationalism in Europe without "Balkanizing" it—is a question which I have not seen very frequently answered. The zeal with which liberals will stress those of the Fourteen Points which fell by the wayside is only equalled by their assiduity in forgetting the larger number that were vindicated.

Into this state of mind, forgetful of the realities for which the war was fought and forgetful of realities with which the settlement had to deal, Mr. Baker falls too often. He harps on "Balkanized" Europe until one almost imagines he regrets the large number of noisy new nationalites in Central and Eastern Europe in place of the three, nice, large, smooth-working empires with which it was equipped before the war. He writes (Vol. II, page 14): "Of cessions there were to be many—to France herself (as Alsace-Lorraine); to her allies, Belgium, Poland, and Czechoslovakia, and even to neutral but friendly Denmark."

Cessions, says Mr. Baker in a tone and in a context that make cessions synonymous with spoils. Did, then, Mr. Baker have the vision of a conceivably possible settlement in which France should not get Alsace-Lorraine, Poland should not get her lost territories, and Czechoslovakia should not be established as an independent nation? If he did, then in the language of George M. Cohan, what was all the shooting for? And what were the Fourteen Points for—those of the Fourteen Points which a good many people seem to have found it so easy to forget?

Mr. Wilson did not forget, and the Balkanization of Europe, to which his principles committed him, he courageously carried through. Mistakes were made. Concessions were made to greed, to fear, to revenge, though not in the degree implied by Mr. Baker when he speaks repeatedly of the triumph of the Dark Forces over Mr. Wilson, of the triumph of the Old Order over the New. More than once in the earlier part of his narrative Mr.

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Baker speaks of the ideal repartitioning of Europe as one that should be carried out by the experts instead of the greedy diplomats; and in the later portion of his story he leaves you with the general impression that the experts had much less to do with the definition of boundaries than they actually did.

I say "general impression," because in the details of his narrative Mr. Baker has shown how closely Wilson followed the advice of his experts and how valiantly he fought for their recommendations in the lair of the Big Four. Yet now and then Mr. Baker succumbs to his idealist prejudices and takes issue with the experts when their recommendations fail to please him. (See Vol. II, pp. 73, 81.) Mr. Baker repeatedly succumbs to the habit of speaking of Poland in the tone in which the *New Republic* of New York is accustomed to refer to the new republic on the Vistula, which it dislikes.

Errors of omission and commission there were. But for these Woodrow Wilson has a better explanation than Mr. Baker has supplied him with. Mr. Baker emphasizes the strength and resourcefulness of the Dark Forces with which Mr. Wilson had to contend, the ancient hatreds and the new war-born hatreds, the fears and the exasperations and the nervous collapses among the victors. And the conclusion, which is reasonable enough as far as it goes, is that Mr. Wilson did as well as might be expected under the circumstances. But Wilson might claim more than that. He could claim that not only did he get the best settlement he could under the circumstances, but that this immediate best might be bettered in time through the instrumentalities of a better international understanding. Wilson thought of the League. But it might have been other agencies as well. It might be, for instance, an Arms Conference summoned to Washington by President Harding, as a result of which Shantung was restored to China.

Shantung, at Paris, may be taken as a fair test of the Wilson outlook and the Wilson method. The President could not secure from Japan a formal promise embodied in the treaty of the restoration of the Chinese province, though he did get the verbal promise to that effect. As a result the Chinese signed the treaty under protest, and in our own election campaign of 1920 "the shame of Shantung" burned hot on the lips of Senators Johnson and Borah; not, I suspect, because they loved the Chinese more, but because they loved Woodrow Wilson and the Japanese less. And yet in this matter Woodrow Wilson was right every inch of

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the way. Was he to let the Japanese break up the Peace Conference with all that meant rather than let China wait a year or two more for Shantung—this China which, as I see it, has known how to wait for thousands of years, which did get back Shantung in less than three years after the signing of the treaty, and which, now that she has Shantung back, is not at all certain what to do with it or how to rule it?

If the "crime" of Shantung was repaired in three years by a world conference in which the United States played its proper, manly part, how many of the other "crimes" at Paris might not have been undone, or be in the way of being undone, if the United States had not proved recreant to its duty on the world settlement as a whole? We come back to the commonplace which is the heart of the problem—that Woodrow Wilson took the best peace he could get, not because he was satisfied to let it go at that, but because he looked to time to make specific reparation, and looked to a world safeguarded for peace to make more than full compensation for the rest. Mr. Baker emphasizes what Mr. Wilson failed to get. He under-emphasizes what he succeeded in getting —until the United States Senate took it away from him.

This error in emphasis runs throughout Mr. Baker's book and to the prejudice of Woodrow Wilson; of emphasis, mind you, and not of actual omission in the record. It is all there: How Lloyd George asked for $120,000,000,000 of indemnity at first, and how Foch asked for the left bank of the Rhine, and how pretty nearly everybody asked for large chunks of Asiatic Turkey. Mr. Baker speaks of all these things in detail, but somehow does not succeed in leaving us with the thought that if the final damages assessed against Germany were too large, they were immeasurably more reasonable than what Lloyd George wanted; that if the Saar settlement and the fifteen years' occupation of the Rhineland was wrong, it was a much better treaty than if Foch had had his left bank of the Rhine, and Wilson had not bought Clemenceau off with the promise of a treaty of guarantee; that if greed ran riot in Asiatic Turkey, the Wilson principle of leaving something to the corrective influence of time has been amply justified by what time has already done to Allied greed in Turkey.

To justify Mr. Wilson his apologist thinks it necessary to use a great deal of Rembrandt black on the European background, though that scene in all conscience was cheerless enough. It was the Dark Forces of the Continent against the Idealism of America.

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It was the Old Order of Europe against the New Order of America. If Wilson failed in Europe it was, according to Mr. Baker, because of a slump in European idealism. Very well. The Dark Forces were there, if you insist on the point, only it was not altogether the darkness of perversity. The darkness was largely the result of wounds and pain and fear; the result, largely, of necessity, in the sense that Europe's state of mind was largely the result of what Europe had been through.

But there was another area of darkness, there was another slump of idealism, that contributed much more to Wilson's "failure" at Paris, and this was on our own side of the Atlantic; and for us there was not the excuse that we had been through a harrowing experience. The slump of the American people into weariness the moment after the armistice was signed—"get the boys back home"—the slump of American leaders into partisanship—this will account for much that was written into the treaty which should not have been written, and for the failure of so much that could have come out of the settlement which has not come out. Woodrow Wilson did not have behind him a serried army of light to combat the forces of darkness led by Field-Marshals Lloyd George and Clemenceau. These generals derived a great deal of aid and comfort from our side of the water. As events showed, the number of Americans who were for the New Order as against the Old was less than fifty per cent.

Wilson's failure, to the extent that he failed, was not staged in Paris but at home. He was not defeated by Clemenceau and Lloyd George, but by Senator Lodge. When one thinks, at this moment of writing, that Germany and Great Britain are both seeking a reparation settlement in accordance with the ideas suggested by an American Secretary of State named Hughes, one understands what an evil stroke against world peace was delivered when the United States seceded from its duty in the councils of the nations. Towards that duty events are plainly compelling our return. Time is vindicating Woodrow Wilson, the "visionary" and "phrasemaker," against the Lodge and Johnson brand of realism.

But not Lodge and Johnson alone. Among the tragic ifs which cannot in fairness be omitted is the question what would have happened if Woodrow Wilson had consented to barter with Lodge as he bartered with Lloyd George and Clemenceau. The great realist in the settlement at Paris sinned against the realities at home.

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KAISER UND REVOLUTION. By A. Niemann. Berlin: Scherl, 1922, 159 pp.
A servile apology for the Kaiser, whose return is deemed essential to the salvation of Germany.

UNDERSTANDING ITALY. By C. S. Cooper. New York: Century, 1923, 306 pp.
A penetrating journalistic survey of contemporary Italian institutions and culture.

LE FASCISME. By P. Gorgolini. Paris: Nouvelle Librairie Nationale, 1923.
A disappointing book.

COÖPERATIVISMO ROSSO, PIOVRA DELLO STATO. By G. Preziosi. Bari: Laterza, 1922, 322 pp.
A violent attack on the Italian coöperative movement.

DISCORSI PER LA GUERRA. By S. Sonnino. Foligno: Campitelli, 1922, 153 pp.
Speeches delivered by the late Italian Minister for Foreign Affairs during the period of the World War.

MEMORIE DELLA MIA VITA. By G. Giolitti. Milan: Treves, 1922, two volumes.
An important set of memoirs by the former Italian Premier, especially valuable for the period since 1900.

THE NEW OLD WORLD. By T. H. Dickinson. New York: Dutton, 1923, 167 pp.
An interesting, if occasionally superficial, summary of some of the novel trends and problems in post-war Europe.

AUS MEINER DIENSTZEIT, 1906–1918. By Conrad von Hötzendorf. Vienna: Rikola, 1922–1923, three volumes.
Extremely frank and very valuable memoirs, letters and despatches of the Austrian Field-Marshal. They admirably reveal the aggressive anti-Italian and anti-Serbian policy of the army group in Austria previous to the World War.

MODERN HUNGARY, 1660–1920. By E. Horvath. Budapest: Külügyi Társâsag, 1922, 232 pp.
A clear and fairly impartial compendium of Hungarian political and diplomatic history.

MAGYARIENS SCHULD, UNGARNS SÜHNE. By Oskar Jaszi. Munich: Verlag fur Kulturpolitik, 1923, 250 pp.
The most important and reliable account of Hungarian events since 1918 which has yet appeared.

BOHEMIA. By C. E. Maurice. London: Fisher Unwin, 1922, 565 pp.
A revised edition of a standard work. The section on the period since 1848 is still brief and inadequate.

POLAND AND THE MINORITY RACES. By A. L. Goodhart. New York: Brentano, 1922, 194 pp.
In the form of the diary of a competent observer.

AUTOCRACY AND REVOLUTION IN RUSSIA. By S. A. Korf. New York: Macmillan, 1923, 161 pp.
An interpretation of the leading trends in Russian internal history since 1870 with special reference to the Revolutions of 1905 and 1918.

CONTEMPORARY CONDITIONS OF RUSSIA. By Pitirim Sorokin. Prague: 1923.
A most important pamphlet describing Russian conditions from a point of view hostile to Bolshevism.

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LE DROIT ET LES INSTITUTIONS DE LA RUSSIE SOVIETIQUE. By L. Bach. Paris: Librairie Générale de Droit et de Jurisprudence, 1923.

An impartial study of the political institutions of Soviet Russia. An important volume.

DIE KRISE DES BOLSCHEWISMUS. By S. Dnjeprow. Berlin: Verlag der Kulturliga, 1922, 64 pp.

A study of the transformation of Bolshevik policies.

ZOPISKI SOTSIAL DEMOCRATA. By Martov. Berlin: Grschebin, 1922, two volumes.

An excellent set of memoirs dealing with the development of Russian Social Democracy by a leader in the movement.

FALSIFICATIONS OF THE RUSSIAN ORANGE BOOK. Edited by G. von Romberg. New York: Huebsch, 1923, 77 pp.

English translation of a collection of telegrams of some importance in estimating the Franco-Russian attitude at the outbreak of the World War.

The British Empire

THE CAMBRIDGE HISTORY OF BRITISH FOREIGN POLICY. Edited by A. W. Ward and G. P. Gooch. New York: Macmillan, 1922-3, two volumes, 688 pp.

A monumental work by specialists. The first two volumes cover the period to 1866.

L'EMPIRE BRITANNIQUE. By A. Demangeon. Paris: Colin, 1923.

A penetrating study of the significance of the British Empire in modern world politics, stressing the contact of peoples and cultures.

MICHAEL COLLINS' OWN STORY. By H. Talbot. London: Hutchinson, 1923, 256 pp.

An important book for an understanding of recent internal differences in Irish politics.

THE WORLD CRISIS, 1911–1918. By Winston S. Churchill. New York: Scribners, 1923, 589 pp.

The recent history of Churchill and the British navy in its relation to British imperial policy and the World War. Of first-rate importance.

MR. LLOYD GEORGE. By E. T. Raymond. New York: Doran, 1922, 367 pp.

A friendly analysis.

THE MAN WHO DIDN'T WIN THE WAR: AN EXPOSURE OF LLOYD-GEORGISM. By "Centurion." London: National Review Office, 1923, 174 pp.

A violent denunciation of Lloyd-George's policies from 1904–1922, with an appeal for a return to ultra-conservatism and vigorous English imperialism.

SIR WILLIAM WEDDEBURN AND THE INDIAN REFORM MOVEMENT. By S. K. Ratcliffe. London: Allen and Unwin, 1923.

A well written account of the services of the most eminent and active English advocate of a liberal policy in Anglo-Indian relations.

SOCIAL AND ECONOMIC CONDITIONS IN CANADA. Edited by W. P. M. Kennedy. Annals of the American Academy of Political and Social Science, May, 1923, 331 pp.

A comprehensive collection of papers on the various phases of contemporary Canadian society by leading experts.

BRITISH MERCHANT SHIPPING. By C. Jones. London: Arnold, 1923.

An authoritative historical analysis, with some material on the interrelation of British and American shipping.

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ELECTRONIC REPRODUCTION PROHIBITED

The Near East

LA BULGARIE. By L. Lamouche. Paris: Rieder, 1922.
A well documented book, sympathetic with the Bulgarian point of view.

TRANSYLVANIA IN 1922. Compiled by Louis C. Cornish. Boston: The Beacon Press, 1923, 169 pp.
Material on ecclesiastical and educational institutions and policies, gathered by the Commission of the American and British Unitarian Churches. Hardly impartial.

A HISTORY OF THE GREEK PEOPLE, 1821–1921. By W. Miller. London: Methuen, 1922, 184 pp.
A readable brief summary by a distinguished authority. Over half of the work is devoted to the period since 1878. Moderately philhellenic in tone.

LA QUESTION TURQUE. By M. Pernot. Paris: Stock, 1923, 320 pp.
An able analysis of the Turkish problem indicating the conditions believed essential to Turkish stability and prosperity.

ANGORA ET BERLIN: LE COMPLOT GERMANO-KÉMALISTE CONTRÉ LE TRAITÉ DE VERSAILLES. By Omer Kiazim. Paris: L'Édition Universelle, 1922.
Recent Near Eastern diplomacy treated from the anti-German point of view.

HISTOIRE MODERNE DES ARMÉNIENS, 1375–1920. By K. J. Basmadjian. Paris: Gamber, 1922.
Generally reliable, if somewhat nationalistic in tone.

THE HANDBOOK OF PALESTINE. By H. C. Luke and E. Keith-Roach. London: Macmillan, 1923.
An authoritative survey of conditions in contemporary Palestine.

Africa

L'ANGLETERRE EN EGYPTE. By Mme. J. Adam. Paris: Imprimerie du Center, 1922, 415 pp.
An attack upon English domination of Egypt and a passionate plea for Egyptian independence.

LE MAROC ÉCOLE D'ÉNERGIE. By A. de Tarde. Paris: Plon, 1923.
A sympathetic study of the results of the French occupation of Morocco for both Morocco and France.

A HISTORY OF THE ARABS IN THE SUDAN. By H. A. MacMichael. Cambridge: Cambridge University Press, 1923, two volumes.
A thorough historical and ethnographic survey.

ACROSS EQUITORIAL AFRICA. By F. W. H. Migeod. London: Cranton, 1923, 397 pp.
Economic and ethnographic material.

Latin America

HISPANIC-AMERICAN RELATIONS WITH THE UNITED STATES. By W. S. Robertson. New York: Oxford University Press, 1923, 470 pp.
A comprehensive review of American international relations, with particular emphasis on the influence of the United States in Latin America.

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CHILE Y LA ASPIRACIÓN DE BOLIVIA A PUERTO EN EL PACIFICO. Santiago: Imp. Universitaria, 1922.

A collection of documents in support of the Chilean contention that Bolivia has no right to go back on the treaty of 1904.

THE SOCIAL REVOLUTION IN MEXICO. By E. A. Ross. New York: Century, 1923, 176 pp.

A brilliant analysis by a talented observer. Sympathetic towards the Obregon régime.

The Far East

THE AWAKENING OF ASIAN WOMANHOOD. By M. E. Cousins. Madras: Ganesh, 1923.

A sympathetic study of the beginnings of the emancipation and enfranchisement of women in the Orient. The chief emphasis is laid on India.

THE FUTURISM OF YOUNG ASIA. By B. K. Sarkar. Berlin: Springer, 1922, 399 pp.

A series of essays on the recent tendencies in Asiatic culture, and on the cultural interaction between East and West, by a young Hindu writer.

CHINA IN THE FAMILY OF NATIONS. By H. T. Hodgkin. London: Allen and Unwin, 1923.

A thoughtful analysis of China's recent international relations and of changes in Chinese society and culture.

LES CHINOIS: ESSAI DE PSYCHOLOGIE ETHNOGRAPHIQUE. By Jean Rodes. Paris: Alcan, 1923, 233 pp.

A fairly successful effort at a socio-psychological analysis of Chinese culture.

THE COOPERATIVE MOVEMENT IN JAPAN. By K. Ogata. London: King, 1923.

Clear and authoritative.

Miscellaneous

THE RACIAL HISTORY OF MAN. By Roland B. Dixon. New York: Scribners, 1923, 583 pp.

Deals with the various racial types.

DIE HAUPTSTRÖMUNGEN DER SOZIALISTISCHEN GEDANKENWELT. By B. Földes. Berlin: Elsner, 1923, 414 pp.

An excellent history of socialistic thought, which, however, carries the subject but little beyond 1910.

THE LARGER SOCIALISM. By B. Benedict. New York: Macmillan, 1923, 243 pp.

An effort to divorce socialistic theory from outworn doctrines, and to link it up with current trends in scientific thought and practice.

THE ECONOMIC PROBLEMS OF DEMOCRACY. By A. T. Hadley. New York: Macmillan, 1923, 162 pp.

Suggestive essays on national and international problems, delivered as the Watson Lectures under the auspices of the Anglo-American Society.

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SOURCE MATERAL

I

PUBLIC DOCUMENTS OFFICIALLY PRINTED

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Documents may be procured from the following: United States, Government Printing Office, Washington; Great Britain, P. S. King & Son, 2 Great Smith St., London, S. W. 1; France, Librairie Terquem, 1 rue Scribe, Paris; League of Nations, International Labor Office and the Permanent Court of International Justice, World Peace Foundation, 40 Mt. Vernon Street, Boston. For other countries no special references can be given.

Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

AFGHANISTAN

TREATY between the British and Afghan Governments. Signed at Kabul, November 22, 1921. (Ratifications exchanged at Kabul, February 6, 1922.) London, 1922. 10 p. 24½ cm. (Parl. Paps., 1922. Treaty Series No. 19 (1922). Cmd. 1786.) 3 d.

ARBITRATION

RAPPORT du Conseil administratif de la Cour Permanente d'Arbitrage sur les travaux de la Cour, sur le fonctionnement des services administratifs et sur les dépenses de l'exercice 1922. Vingt deuxième année. La Haye, (Van Langenhuysen frères, 1923). 41 p. 32½ cm.

GERMANY. First and second reports of Robert C. Morris, agent of United States before Mixed Claims Commission, United States and Germany, established under agreement of Aug. 10, 1922, between United States and Germany. Washington, 1923. 191 p. 20 cts.

NORWAY. Arbitration of Norwegian claims, report in matter of arbitration of claims of Norwegian subjects against United States arising out of requisitions by Shipping Board Emergency Fleet Corporation and recommending appropriation. Washington, 1923. 36 p. (S. doc. 288, 67th Cong. 4th sess.) 5 cts.

———. Report to accompany H. J. Res. 440..... Submitted by Mr. Madden, Feb. 10, 1923. 3 p. (H. rp. 1574, 67th Cong. 4th sess.) 5 cts.

———. Report to accompany H. J. Res. 440..... Submitted by Mr. Warren. Feb. 12, 1923. 2 p. (S. rp. 1139, 67th Cong. 4th sess.) 5 cts.

———. H. J. Res. 440, joint resolution to satisfy award rendered against United States by arbitral tribunal established under special agreement concluded June 30, 1921, between United States and Norway. Approved Feb. 20, 1923. 1 p. (Public resolution 91.)

AUSTRIA

I. REPORT by the Provisional Delegation of the League of Nations at Vienna. II. Summary of Position on December 15, 1922. 7, 7 p. 32½ cm. (C.–S. C. A. 17.) 15 cts.

The regular reports of the Commissioner General are published in the *Official Journal.*

———. FIRST Report of the Commissioner General, December 15-January 15, 1923. (*Official Journal*, March, 1923, p. 307-338.)

———. SECOND Report of the Commissioner General, January 15-February 15, 1923. (*Official Journal*, April, 1923, p. 435-466.)

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———. PROGRESS in the Financial Reconstruction. Issue of Long-Term Loan (containing the THIRD Report, February 15-March 15). 50 p. 32½ cm. (C. 360. M. 161. 1923 II.) 50 cts.

———. FOURTH Report by the Commissioner General, March 15-April 15. 31 p. 32½ cm. (C. 367. 1923. II.) 30 cts.

———. FIFTH Report by the Commissioner General, April 15-May 15. 29 p. 32½ cm. (C. 384. 1923. II.) 30 cts.

CHINA

CORRESPONDENCE respecting the new financial consortium in China. London, 1921. iv, [5]-56 p. 33½ cm. (Miscellaneous, No. 9, 1921. Cmd. 1214.)

RELIEF of Chinese Government; report to accompany H. R. 8221; submitted by Mr. Capper. Feb. 26, 1923. 5 p. (S. rp. 1223, 67th Cong. 4th sess.) 5 cts.

LAW. H. R. 8221, act for relief of Chinese Government. Approved March 4, 1923. 1 p. (Public 514.)

CUSTOMS

CONFERENCE on Passports, Customs Formalities and Through Tickets. Resolution adopted by the conference, October 21, 1920. 19 p. 19 cm. League of Nations. Provisional Committee on Communications and Transit.) 20 cts.

REPLIES of the Governments to the Enquiry on the Application of the Resolutions relating to Passports, Customs Formalities and Through Tickets. Geneva, 1922. 70 p. 23 cm. (C. 183. M. 101. 1922. VIII. Advisory and Technical Committee for Communications and Transit.) 40 cts.

INTERNATIONAL Conference on Customs Formalities, Geneva, October 15, 1923. Preparatory Documents. 26 p. 33 cm. (C. D. I. 2.) 30 cts.

EMIGRATION AND IMMIGRATION

EMIGRATION and IMMIGRATION: Legislation and Treaties. Geneva. 1922. 439 p. 24½ cm. (International Labor Office, Special Report.) $1.50.

METHODS of Compiling Emigration and Immigration Statistics. Geneva, 1922. 57 p. 24½ cm. (International Labor Office, Studies and Reports, Series C, 7.) 50 cts.

FINANCE

CURRENCY. Memorandum on Currency. 1913-1922. Geneva, 1923. $2.00.

"The Council of the League of Nations, at its meeting of December 14, 1920, decided . . . that the study of currency conditions begun in preparation for the International Financial Conference at Brussels should be continued. . . . With a view to carrying out this decision, the various Member States have been requested to supply information concerning the circulation of currency, stocks of gold, deposits in commercial and savings banks, rates of discount, etc."

FINLAND. Agreement made 1st day of May, 1923, at Washington, D. C., between Finland and United States [concerning funding of indebtedness to United States through issue of bonds to United States]. (Washington, 1923.) 10 p.

LATVIA. La République de Lettonie: Documents, traités et lois. I. Paris, 1922. 76 p. (Bureau letton d'informations à Paris.)

LEAGUE OF NATIONS. Audited Accounts for the Fourth Fiscal Period, 1922. Memorandum by the Secretary-General. 71 p. 32½ cm. (A. 5. 1923. X.) 70 cts.

RUMANIA. La Situation Financière de la Roumanie, par Vintila Bratiano, Ministre des Finances. (Imprim. "Independence," Bucharest, 1923.) 76 p.

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LEAGUE OF NATIONS

RECORDS of the Third Assembly. Plenary Meetings. Vol. I. Text of the Debates. viii, 396, xviii p. 32 cm. $2.60.

———. VOL. II. Annexes: Reports on the Work of the Council and Reports adopted by the Assembly. 231 p. 32 cm. $1.40.

———. MEETINGS of the Committees. Minutes of the First Committee (constitutional questions). 112 p. 33 cm. 70 cts.

———. MINUTES of the Second Committee (technical organizations). 80 p. 33 cm. 60 cts.

———. MINUTES of the Third Committee (reduction of armaments). 163 p. 33 cm. $1.20.

———. MINUTES of the Fourth Committee (budget and financial questions). 291 p. 33 cm. $1.80.

———. MINUTES of the Fifth Committee (social and general questions). 168 p. 33 cm. $1.20.

———. MINUTES of the Sixth Committee (political questions). 68 p. 33 cm. 50 cts.

REPORT to the Fourth Assembly of the League on the Work of the Council and on the Work of the Secretariat, and on the Measures taken to execute the Decisions of the Assembly. 96 p. (A. 10. 1923.) $1.00.

MINUTES of the Twenty-fourth Session of the Council held at Geneva from April 17 to April 23, 1923. (*Official Journal*, IV, No. 6, p. 545-708.) $1.60.

OPIUM—LEAGUE OF NATIONS

INTERNATIONAL Opium Convention, signed at The Hague, January 23, 1912. Protocols of Clôture, signed at The Hague on January 23, 1912; July 9, 1913; and June 25, 1914. 29, 29 p. 32 cm. (O. C. 1 (1).) 60 cts.

REPORT of the Advisory Committee on the First Session. 30 cts.

QUESTIONNAIRE to be addressed to Governments. 5 double pages. 33 cm. (C. 26 (a) M. 12 (a). 1921. XI.) 10 cts.

SUMMARY of Answers to the Opium Questionnaire, 1921, supplemented by other relevant information at the disposal of the Advisory Committee on Traffic in Opium during its second session, April 19-29, 1922. 30, 10, 17 p. of tables. 33 cm. (C. 171 (1) M. 88 (1). 1922. XI. and C. 52. M. 20. 1923. XI.) 50 cts.

MINUTES of the Second Session. $1.40.

REPORT on the work of the Committee during its Second Session held at Geneva from April 19 to 29, 1922 (approved by the Council on July 21, 1922). 29, 4, 29, 4 p. 32½ cm. (A. 15. 1922. C. 223 (1). 1922. XI.) 30 cts.

MINUTES of the Third Session. 20 cts.

SUPPLEMENTARY Report on the work of the Committee during its Third Session (Emergency Meeting) held at Geneva on September 1, 1922, (approved by the Council on September 2, 1922). 2 p. 33 cm. (A. 15 (a). 1922. XI.) 5 cts.

REPORT to the Council on the Work of the Committee during its Fourth Session held at Geneva, January 8-14, 1923. 12 p. 33 cm. (C. 37. M. 91. 1923. XI.) 15 cts.

APPLICATION of Part II of the Opium Convention (prepared opium). 20 cts.

STATEMENT on the Manufacture of Morphia, etc. 15 cts.

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PERMANENT COURT OF INTERNATIONAL JUSTICE

ACTS AND DOCUMENTS relating to Judgments and Advisory Opinions given by the Court. Second (Extraordinary) Session (January 8-February 7, 1923). Documents relating to Advisory Opinion No. 4. 319 double pages. 25 cm. (Series C, No. 2.) $4.80.

TREATIES. Extracts from International Agreements affecting the Jurisdiction of the Court. 77 double pages. (Series D, No. 3.) $1.50.

PRODUCTION

ENQUIRY into Production. General Report. 4 vols. 350 diagrams, 350 statistical tables, 2500 p. 25 cm. (International Labour Office, Special Report.) $12.00.

The publication results from a questionnaire sent to all Governments, to employers' and workers' organizations and coöperative organizations in accordance with a decision by the Governing Board of the International Labor Office in June, 1920. It contains the fullest available information concerning the fluctuations of production and prices in all countries.

REFRIGERATION

INTERNATIONAL CONVENTION for the creation at Paris of an International Institute of Refrigeration. Signed at Paris, June 21, 1920. London, 1923. 15 p. 24½ cm. (Parl. Paps., 1923. Treaty Series No. 6. Cmd. 1857.) 6 d.

REPARATION

STATEMENT of Germany's Obligations under the heading of Reparation, etc., at December 31, 1922. Extracts from the Accounting Records of the Reparation Commission. London, 1923. 25 p. 24½ cm. (At head of title, Reparation Commission. IV.) 2 s.

No. V in this series is announced to appear shortly under the title: Report of the Work of the Reparation Commission from 1920 to 1922.

RUSSIA

RSFSR. L'activité des Socialistes-révolutionnaires à l'étranger. D'après les matériaux des archives des Socialistes-revolutionnaires à Paris. Moscou, Edition de l'Etat, 1922.

POLITIQUE internationale de la RSFSR en 1922. Publication du Commissariat du peuple des Affaires Etrangères. Edition du Commissariat du peuple des Affaires Etrangères, Moscou, 1923.

CORRESPONDENCE between His Majesty's Government and the Soviet Government respecting the relations between the two Governments. London, 1923. 13 p. 24½ cm. (Parl. Paps., 1923. Russia No. 2. Cmd. 1869.) 6 d.

REPLY of Soviet Government to His Majesty's Government respecting the relations between the two Governments. London, 1923. 8 p. 24½ cm. (Parl. Paps., 1923. Russia No. 3. Cmd. 1874.) 3 d.

FURTHER CORRESPONDENCE between His Majesty's Government and the Soviet Government respecting the Relations between the two Governments. London, 1923. 14 p. 24½ cm. (Russia No. 4, 1923. Cmd. 1890.) 6 d.

SLAVERY

CORRESPONDENCE respecting slavery in Abyssinia. London, 1923. 6 p. 24½ cm. (Parl. Paps., 1923. Abyssinia No. 1. Cmd. 1858.)

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TAXATION

REPORT on Double Taxation submitted to the Financial Committee by Professors Bruins, Einaudi, Seligman and Sir Josiah Stamp. 53 p. 24½ cm. League of Nations. (E. F. S. 73. F. 19.) 50 cts.

TELEGRAPHIC BUREAUS

WIRELESS. Bureau International de L'Union Télégraphique. Service Radiotélégraphique. Rapport de gestion pour 1922. Berne, 1923. 10 p. 34½ cm.

BUREAU International de L'Union Télégraphique. Service Télégraphique. Rapport de gestion pour 1922. Berne, 1923. 11 p. 34½ cm.

TREATIES

ACCESSIONS. Treaties, etc., between the United Kingdom and Foreign States. Accessions, Withdrawals, etc. London, 1923. 9 p. 24½ cm. (Treaty Series No. 20 (1922). Cmd. 1808.) 3 d.

HUNGARY. Recueil des traités de la Hongrie avec les puissances étrangères. 1. Catalogue des traités de la Hongrie 973-1526. Oesszeállitotta Horváth Jenö..... Budapest, A Magyar külügyi társaság kiadása, 1921. 24 p. 23½ cm.

JAPAN. Exchange of notes between United States and Japan canceling Lansing-Ishii agreement of Nov. 2, 1917; signed (Washington) April 14, 1923. 1923. (2) leaves. (Treaty Series 667.)

PANAMA CANAL. Treaties and Acts of Congress relating to the Panama Canal. Supplement No. 1. p. 259-279. 23½ cm. ——— ———. Supplement No. 2, p. 280-286.

UNITED STATES. Treaties, Conventions, International Acts, Protocols, and Agreements between the United States of America and other Powers, 1910-1923. Compiled under resolution of the Senate of August 19, 1921..... Volume III, continuing Treaties, Conventions (etc.), 1776-1909. Washington, 1923. xxxii, 2493-3918 p. 23½ cm. (Sen. Doc. No. 348, 67th Cong., 4th sess).

Contents: Austria-Venezuela, p. 2493-2875; International, p. 2876-3140; Appendix I, Instruments by virtue of which rights, privileges, indemnities, reparations, or advantages are or may be claimed by the United States, p. 3141-3697; Appendix II, Treaties due to the negotiations of the Paris Peace Conference, signed by representatives of the United States, on which no further action was taken, p. 3699-3820.

The volume supersedes Sen. Doc. 1003, 62nd Cong., 3rd sess., compiled by Garfield Charles.

Appendix I contains the full texts of the armistices and treaties of peace with Austria, Germany and Hungary. Appendix II contains treaties with Czechoslovakia, France, Poland, Rumania, and the Serb-Croat-Slovene State, and various international conventions.

———. SESSION LAWS. Statutes passed at 3rd session of 67th Congress, 1922, and concurrent resolutions, recent treaties, and Executive proclamations; edited under direction of Secretary of State. Washington, 1923. xxvii, 24 p. 2 maps. 10 cts.

WASHINGTON CONFERENCE

RAPPORT fait au nom de la Commission des affaires étrangères chargée d'examiner le projet de loi portant approbation du traité relatif à la limitation des armements navals .... par M. Guernier. Paris, 1923. 50 p. 26 cm. (No. 6109. Chambre des députés .... Annexe au procès-verbal de la séance du 7 juin, 1923.)

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SOURCE MATERIAL

II

PUBLIC DOCUMENTS UNOFFICIALLY PRINTED

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Relations between states are indexed in English alphabetical order under the name of the first state party thereto. All dates are 1923 unless otherwise indicated.

Newspaper references are to the files most widely available. The letters A. P. indicate that the document is to be found in an Associated Press dispatch, and that it is probably available in any newspaper which is a member of that association. Abbreviations: *A. J. I. L. Sup.*, American Journal of International Law, Supplement; *Cur. Hist.*, Current History; *int.*, international(e).

ARGENTINE REPUBLIC—Message of President Marcelo T. de Alvear to the Legislative Assembly of 1923, London *Times*, June 23, p. 18.

BELGIUM—Premier Theunis' budget outline, N. Y. *Times*, May 2, p. 11.

BELGIUM-FRANCE—Commercial convention of May 12, 1923, concluded between the Belgo-Luxemburg Economic Union and France, Belgian project of law, exposition, *L'Europe nouvelle*, June 9, p. 734.
Statement of French Foreign Office, *Le Temps*, May 19, p. 4.
French exposition, *Le Temps*, June 8, p. 6.

BULGARIA—Overthrow of Stambulisky Agrarian cabinet, June 9. Statement of policy of Minister of Foreign Affairs Kalkoff of Zankoff cabinet, London *Times* June 14, p. 14; N. Y. *Times*, June 14, p. 2.

BULGARIA-ALLIES—Contract for settling prewar contracts under Arts. 176-203 of treaty of Neuilly, May 3, *Le Temps*, May 7, p. 2.

BULGARIA-GREECE—Note on persecution of Bulgars by Greeks in Thrace, *Le Temps*, April 11, p. 2.

BURGENLAND—*Transfer*—Reparation Commission's decision of Hungarian payment to Austria (500,000 fr. S.) under Art. 180, treaty of Trianon; arbitration sentence of Feb. 26, 1923, and protocol of Oct. 13, 1921, *Le Temps*, April 29, p. 1.

CANADA-UNITED STATES—Debate on halibut fishery treaty in Ottawa Parliament, summary, June 27, London *Times*, June 29, p. 13.

CHINA — *Consortium*—Meeting of the council, Paris, London *Times*, July 2, p. 13. *Government*—Flight of President Li-Yuan-Hung, June 13.

CZECHOSLOVAKIA—HUNGARY—Minister Benes on Hungarian relations with Little Entente, London *Times*, May 28, p. 11.

CZECHOSLOVAKIA — POLAND — Political agreement, Prague, Nov. 6, 1921, *L'Europe nouvelle*, May 5, p. 569.

CZECHOSLOVAKIA - SERB - CROAT-SLOVENE STATE—Treaty of alliance, Marienbad (Marianské Lazné), Aug. 31, 1922, *L'Europe nouvelle*, May 5, p. 570.

FRANCE—*Budget of 1923*—General report of Henry Bérenger to the Senate, *Le Temps*, June 14, p. 3.

FRANCE-HOLY SEE—Correspondence respecting control of church associations in France, May, *Le Temps*, June 21, p. 3. "Une liste de congrégations illegalement maintenues ou rentrées en France," *L'Europe nouvelle*, June 30, p. 824.

GERMANY—*Armament*—Allied notes on reorganization of "schupo" (surety police), April 18, *Le Temps*, April 30, p. 1. Arms delivered, total, *Le Temps*, May 9, p. 2.

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Policy—Speech of Chancellor Cuno at Koenigsberg, *Le Temps*, June 26, p. 1.
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